

2003

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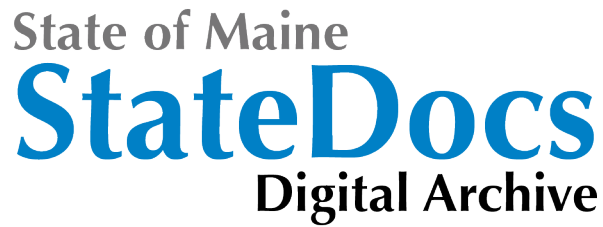
Office of Governor John E. Baldacci

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2003 Archive of **Governor Baldacci's Press Releases**

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Baldacci Names Conservation Commissioner

January 3, 2003

Governor-elect John Elias Baldacci has nominated Patrick McGowan of York to the position Commissioner of Conservation.

Appointed by President Clinton, McGowan served for seven years as the Regional Administrator for the US Small Business Administration (SBA) in New England. As Regional Administrator, he managed six field offices with over two hundred employees while supervising a five billion-dollar loan portfolio for New England as well as regulating lending institutions, venture capital firms and non-profits. During this time, the SBA opened twelve Business Information Centers making capital and technical assistance available to thousands of New England businesses.

The Department of Conservation is a natural resource agency whose bureaus; the Bureau of Geology and Natural Areas, Bureau of Parks and Lands, Land Use Regulation Commission and the Maine Forest Service, oversee the management, development and protection of Maine's natural resources including seventeen million acres of forestland, 10.4 million acres of unorganized territory, 47 parks and historic sites and more than 500,000 acres of public reserved land.

Baldacci stated; "Pat is a consensus builder who will work closely with other departments in a coordinated effort to improve the quality of our environment, ensure Maine people's continued access to these resources and promote the enduring connection between Maine's environment and economic well-being. Pat is a proven manager with legislative, public policy and marketing expertise and his small business experience coupled with a love of Maine's natural resources will create new opportunities for natural resource-related small businesses that further build and preserve a sustainable Maine way of life.

McGowan is a former member of the Maine House of Representatives, 1980-1990. While in the Legislature, McGowan was served on Appropriations, Energy and Natural Resources and Public Utilities Committees. He was an original sponsor of the Land for Maine's Future legislation. He served as Chair of both the Joint Standing Committee on Whitewater Rafting and Joint Standing Committee on proposed Natural Gas Pipeline.

McGowan, a graduate of the University of Maine at Farmington, is the former owner of several small businesses including McGowan's Market and the Canaan Motel. He is a recipient of the Nature Conservancy Presidential Award for land preservation, the New England Wildlife Award for endangered species protection, the New England Environmental Network for environmental legislation success and the Doc Lombard award for the promotion of the sport of sled dog racing.

McGowan has extensive political experience serving most recently as Finance Director for the Baldacci for Governor campaign and as the 1990 and 1992 Democratic nominee for the US Congressional seat in the second district.

Baldacci Keeps Magnusson at Corrections

January 6, 2003

Governor-elect John Elias Baldacci will keep Martin Magnusson as Commissioner of the Department of Corrections.

Magnusson, with twenty-nine years experience of increasing responsibilities in corrections was first named Commissioner by Governor Angus King in May 1998. Magnusson, who began his career as a correctional officer at the Maine Correctional Center, has been a Probation and Parole officer, and the Director of Juvenile Services. >From 1982-1995, Magusson served as the Warden of the Maine State Prison, Maine Correctional Institute, Bolduc Correctional Facility.

Baldacci stated, "Commissioner Magnusson has provided exceptional leadership in a time of great change. Marty's knowledge and experience about the system makes him the best person to retain the stability of the prison system while continuing to work with other departments in a time of a difficult budget shortfall. A new state prison, the establishment of a mental health and substance abuse unit and the use of developing technologies are some of the recent accomplishments of the Department of Corrections. Marty's institutional knowledge and continued efforts to work closely with DHS, BDS and DOE will be essential in providing constantly improving programs and services for many but particularly woman and youth."

Magnusson is the sixth cabinet official to be nominated by Governor-elect Baldacci.

Governor Baldacci Signs Executive Order Creating Office of Health Care Policy and Finance

January 9, 2003

AUGUSTA, MAINE -- Moving quickly as promised to address health care concerns described in his inaugural address as being "at the root of the state's financial problems," Governor John E. Baldacci signed an Executive Order on Thursday establishing a Governor's Office of Health Care Policy and Finance.

The Governor's Office will bring the human and physical resources now dispersed throughout state government into a strategic, critical alliance to develop a comprehensive health policy and a plan to provide affordable, quality health care for every man, woman and child in the State of Maine.

"Maine is not alone in this problem. But, we do not have the luxury of time to await a solution from away. As a state, as a government, we have as much responsibility to protect people's access to health care as we do to protect them from the dangers of international terrorism, and we must confront the problem with just as much sustained energy and focus," Governor Baldacci commented during his inaugural address and reiterated as the Executive Order was signed.

Baldacci emphasized that the Governor's Office of Health Care Policy and Finance will not get bogged down in endless debates. He stressed that the people of Maine need, and deserve, a solution -- a plan that will work and that we can afford. The Governor's Office will help to develop that plan for presentation to the Legislature within six months and to be implemented this year.

"Make no mistake, we are in the early stages of a health care financing crisis that will only get worse without strategic action. I can't promise a miracle. But I do promise to make sure that every possible resource in state government, with help from the private sector, will be devoted to addressing this problem," Baldacci added.

"All Maine people deserve affordable, quality health care. But unless we act now, hard working Mainers, and responsible employers, will continue to struggle to maintain coverage. The sooner we rein-in the high cost of health care, the sooner we can put more Maine people to work in good paying jobs and get our economy moving," Baldacci concluded.

An Order Establishing the Governor's Office of Health Policy and Finance

January 9, 2003

WHEREAS, health care costs are rising rapidly and challenging Maine's capacity to provide accessible, quality health care; and

WHEREAS, more than one in ten Maine citizens lack health care coverage; and

WHEREAS, health care is a major employer in Maine and a vital health care system is essential to Maine's economic development and our citizens' well being; and

WHEREAS, Maine needs a comprehensive state health plan to assure access, quality and affordability of health care statewide;

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby establish the Governor's Office of Health Policy and Finance ("Office") as follows:

Purpose and Charge

The Office shall:

Serve as a focal point on health policy and assure coherent, collaborative cross agency state health policy. Serve as a clearinghouse for all state health policy. Implement the Governor's plan to achieve universal access. Develop and monitor a state health plan and consolidated budget. Develop public information about health care issues and possible solutions. Propose legislation by June 1, 2003 to achieve affordable, quality universal access for all Maine citizens. Functions and Duties

To carry out the foregoing purpose and charge, the Office is administered by a Director and such staff as are necessary and appropriate to carry out its activities. The Director of the Governor's Office of Health Policy and Finance serves as a member of the Governor's Cabinet and chairs the Cabinet Council on Health, representing all agencies in state government with health-related responsibilities to assure coordinated policy. The Office shall establish the Health Action Group, an advisory committee, to assist in implementation of the Governor's health reform plan. The Director is responsible for securing external funding and administering grants to support the purposes of the office.

Specific activities of the Office shall include but not be limited to: creating an affordable health plan administered by a new, non-profit insurance company; maximizing value purchasing collaboratively among public purchasers of health care; creating a state health plan and revitalized certificate of need program to effectively and equitably allocate health care resources; maximizing Medicaid and other Federal programs; supporting evidence-based medicine and preventive and public health care and building sustainable cost containment and quality improvement strategies.

Health Action Group

A Health Action Group shall be comprised of no more than thirty members representing providers, business, consumers, government, and other stakeholders. The Health Action Group shall be to advise the Governor's Office of Health Policy and Finance in implementation of the Governor's health reform plan designed to assure all Maine citizens access to quality, affordable health care.

The Health Action Group shall be chaired by the Director of the Governor's Office of Health Policy and Finance. Members shall serve without compensation and for a period of one year.

Meetings

The Health Action Group shall meet at least monthly or as needed at such times and locations specified by the chair. The chair may appoint subcommittees or take such other administrative actions as appropriate to accomplish the work of the Health Action Group.

Resources and Support

The Executive Department shall provide additional funding and seek additional monies from philanthropic organizations or other sources as necessary to support the work of the Office. The Office may seek external funding and the aid of advisory panels as appropriate.

Effective Date

The effective date of this Executive Order is January 9, 2003.

John E. Baldacci, Governor

Governor Baldacci and First Lady to Greet Public at the Blaine House on Saturday

January 10, 2003

AUGUSTA, MAINE -- Governor John Baldacci and First Lady Karen Baldacci, will welcome the public into the Blaine House for a reception tomorrow. The Governor will greet visitors from 10:00 a.m. until 1:15 p.m. He will then travel to Lewiston to attend the Many and One Coalition gathering at Bates College to celebrate community and encourage tolerance.

The Blaine House reception will continue until 3:30 p.m., with the First Lady and family greeting guests. The public is cordially invited to visit the Blaine House for this special inaugural reception and celebration. In order to visit with the Governor, guests are encouraged to arrive by 1:00.

Baldacci Names Cantara Commissioner of Public Safety

January 16, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci will nominate Michael P. Cantara of Biddeford to the position Commissioner of Public Safety. In seeking a Commissioner, Baldacci sought a person with a strong legal background with an emphasis on civil rights protection. Baldacci found Cantara's interest and experience in preserving citizen rights and serving disadvantaged populations to be aligned with his vision of the public safety system.

Michael P. Cantara has served as the York County district attorney for twelve years. Before being elected to this post, he served as the deputy district attorney. Cantara is the former chair of the Biddeford Planning Board, the Biddeford School Board and Mayor of Biddeford from 1987-1988. A graduate of Colby College and the University of Maine School of Law, Cantara has a Masters Degree from Middlebury College in French Literature/French Political Science. He has received several awards and honors including Fulbright Teaching Fellowship, American Council of Young Political Leaders Awards, the Caring Unlimited Awards, Distinguished Elder Service Award and the Maine Coalition to End Domestic Violence. He is past President of the Maine Prosecutor's Association since 1993.

"Michael's extensive legal and public service experience, including fourteen years as a prosecutor and term as Mayor of Biddeford gives him a solid foundation of management and problem solving skills," says Baldacci. "His accomplishments as District Attorney, particularly in developing victim-witness services, establishing a domestic violence taskforce and working with Caring Unlimited, a Sanford-based shelter for domestic violence victims have been exemplary. Given the budget shortfall, this experience along with Michael's strong sense of justice and innovative thinking will ensure that the Department delivers services in the most efficient way possible."

The Department of Public Safety serves the people of Maine by protecting their lives, rights and properties. This is accomplished through criminal justice, law enforcement, fire safety and emergency response services. The department has nine bureaus; Capital Security, Criminal Justice Academy, Drug Enforcement Agency, Highway Safety, Emergency Medical Services, Liquor Enforcement, Enhanced 9-1-1, Fire Marshall's office and the Maine State Police.

Cantara is the seventh nomination to the Baldacci cabinet.

Governor Baldacci's Health Care Agenda Receives Jumpstart from Major Foundation Grant

January 21, 2003

The Center for Health Policy Development's (CHPD) National Academy for State Health Policy has received a grant of \$205,849 from the Maine Health Access Foundation to provide logistical support and research for the newly created Governor's Office of Health Policy and Finance and a Governor-appointed Health Action Team. This new group, which will include representatives from a broad spectrum of people working on Maine's health care issues, has been charged by the Governor to help implement his health reform plan.

This grant represents a major step towards fulfilling Governor Baldacci's promise to address health care reform. "During the campaign, I heard from hard working Maine families from all over the state about the high cost of health care coverage. This crisis is hurting our economy, threatening businesses small and large, and leaving many families without adequate protection from a catastrophic illness or accident," noted Governor Baldacci. "At my inauguration I made a pledge to take action. On day one of my administration, I signed an Executive Order to establish a Governor's Office of Health Care Policy and Finance. Today, I'm pleased to announce that Trish Riley, who is one of the nation's leading experts in health care, has agreed to serve as the Director of this important office," announced the Governor.

"I've charged Trish to bring together a Governor's Health Advisory Team to help craft a realistic plan for health care reform that can go the to the Legislature this year, and I'd like to thank the Maine Health Access Foundation for providing significant funding support to jumpstart this process," the Governor added, "and work is already underway to move my reform agenda forward."

As the state's largest private nonprofit health care foundation, the Maine Health Access Foundation supports strategic initiatives to expand affordable and timely access to comprehensive, quality health care for every Maine resident "The Foundation is very excited by this historic opportunity to work with Governor Baldacci to move Maine's health care system toward universal access to affordable high-quality care," stated Maine Health Access Foundation Board President, Wesley Davidson.

The nonprofit National Academy for State Health Policy is a nationally recognized non-partisan organization that works with states to achieve excellence in health policy and practice. This Portland-based organization has worked extensively with such organizations as the National Governors' Association, the National Conference of State Legislatures, the Association of State and Territorial Health Officials, the American Public Welfare Association, and others. "The Center has an outstanding track record in unbiased policy research," noted Dr. Wendy Wolf, Executive Director of the Maine Health Access Foundation. "With their technical support, the Governor and Health Action Team will have the best information and tools to develop real solutions to Maine's health care needs."

The Maine Health Access Foundation was created as the result of the sale of the non-profit Blue Cross and Blue Shield of Maine to Anthem Blue Cross and Blue Shield. The proceeds of the acquisition

provided the endowment that supports the Foundation's annual grant and program activities. The Foundation supports strategic solutions to Maine's health care needs through grants and other programs, particularly targeting those who are uninsured and medically underserved. The Foundation currently has assets of approximately \$81,000,000.

Governor Baldacci Announces New Management Team for Great Northern Paper Company's Mills

January 24, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci announced on Friday that the owners, creditors, management and labor unions have reached agreement in principle on a management team to review the current operations of Great Northern Paper Company's mills in Millinocket and East Millinocket with the objective of identifying a buyer for the facilities in the near future. The parties are currently working out specific terms of the team's appointment.

In meetings over the weekend and into this week, Governor Baldacci and his staff worked with interested parties to move the process forward. Subject to submission of a request for approval, and approval by the Bankruptcy Court next week, the management team will be led by Jim Giffune of New Gloucester, Maine. Mr. Giffune is a former Senior Vice President of Fraser Paper Company and Vice President of Operations of Great Northern Paper Company.

"The mills are great Maine resources and we are confident that a buyer will be found. I am pleased to have worked with everyone to facilitate this arrangement and to get this process moving. I would also like to thank Lambert Bedard and his team for their commitment in the last four years to the community, the State of Maine and to the mill's employees and for a smooth transition," Governor Baldacci commented.

Governor Baldacci is pleased to have worked on this issue this week with Senators Susan Collins and Olympia Snowe, and Congressman Mike Michaud.

Jim Giffune cautioned to keep expectations low for the short-term. "Our team needs to get into the mills to assess their condition before we can proceed with a sale. We will work as quickly as possible to turn this situation around."

Lucien Deschaine, a PACE International Representative, said he "is looking forward to working with Mr. Giffune and his team. The labor community in Millinocket is committed to do whatever it can to assist this interim management team and new management get the mills operating again."

Baldacci Nominates Martin to Inland Fisheries and Wildlife

January 27, 2003

AUGUSTA -- Governor John. E. Baldacci has nominated Roland (Dan) Martin of Caribou to be Commissioner of Inland Fisheries and Wildlife. Martin has over thirty years of administration and management experience and is an avid sportsman. Since 1987 he has been the County Administrator for Aroostook County. The former Manager of the Towns of Frenchville and Madawaska, Martin served in the State Senate from 1977-1980 and as State Representative from 1975-1976. While in the Legislature, Martin served on the Committees on State Government and Agriculture, Taxation and Inland, Fisheries & Wildlife. Martin has also been a small business owner operating Rosette's Restaurant and Martin's Grocery and Sporting Camps in Sinclair, Maine.

Governor Baldacci stated, "Danny Martin is a consensus builder with extensive management, municipal and legislative experience. A major part of the Commissioner's mission will be to ensure that people have an opportunity to enjoy the outdoors. With Danny's leadership, it is my expectation that improved customer service; understandable regulations and more community involvement from both fisheries and wildlife management will be achieved in these tough financial times. Danny's long time experience as an administrator will prove to be especially helpful in finding ways to make the department more cost-effective."

Martin has been active in the community serving on many boards including; Cary Medical Center, the Northern Maine Development Commission, the Loring Development Authority and the Maine Rural Development Authority.

The Department of Inland Fisheries and Wildlife is one of the smaller state agencies, with a budget of just \$27 million. But the 320 employees at IFW watch over a part of Maine that is vitally important, not only to state's economy, but to our quality of life. The department serves a wide range of Mainers -- from the state's 250,000 hunters and anglers, to those who simply enjoy watching wildlife. Maine game wardens enforce fish and wildlife laws, but they also rescue anyone lost in the state's forests or fields. IFW wildlife biologists manage game populations, such as moose and deer, but they also watch over threatened and endangered species. Fisheries biologists try to insure good fishing, but they also work to improve fisheries habitat.

Governor Baldacci and Commissioner Spear Unveil Emergency Relief for Dairy Farmers

January 28, 2003

AUGUSTA, MAINE - Agriculture Commissioner Robert W. Spear on Tuesday unveiled a proposal to provide temporary emergency relief to all Maine dairy farmers.

Working with Governor John E. Baldacci, Commissioner Spear will introduce legislation to redirect existing funds in the Department's coffers that are targeted for the dairy industry to make payments to farmers no later than mid-April. The payments would be based on a farm's milk shipments in February. Using a pool of \$725,000 that is available, Department dairy specialists estimate that a farmer with an average-sized herd of 100 cows would receive \$2,100.

"We know this is a crisis. This relief would immediately give farmers a little breathing room," Spear said. "I am meeting today with industry leaders and officials from state and federal agencies to identify potential resources available and how to get them to farmers."

Governor Baldacci said, "We are going to provide this short-term fix, but all sides have to come together to design intermediate and long-term solutions. It could be at the federal level or at the state level but I know we can tap the farmers' ingenuity to fix this."

This proposal, once passed by the Legislature and signed by Governor Baldacci, would add to the benefit of a recent ruling by the Maine Milk Commission, which last week added 50 cents to the minimum price farmers receive for 100 pounds of milk to be produced in February. Under federal law that benefit can be applied only to milk produced in Maine that is sold in state, about 45 percent of production. For a 100-cow herd, a farmer would receive about \$360.

This pro-rated payment is required under a federal regulation mandating that any dairy plant shipping at least 25 percent of its production into regions regulated under the federal system must pay the federal, not the state minimum. Department dairy specialists are discussing with their counterparts in other states how to raise the threshold so that more milk is regulated under state orders, which would keep the benefits local.

In addition, Commissioner Spear said, "Despite the refusal by Congress to reauthorize the Northeast Interstate Dairy Compact a year ago, I have heard rumblings from Capitol Hill that its replacement, the Milk Income Loss Contract program, is too expensive. The time is right to pursue the Compact with renewed vigor."

The prices dairy farmers are receiving for their milk are at 20-year lows. "What we are looking at so far is how to help move the price so farmers are not losing three or four dollars on every hundred pounds of milk they ship," Spear said.

Another way to help farmers is to work with them to improve the quality of their herd. Working with the University of Maine Cooperative Extension Service, the Department for three years has offered the Maine Cattle Health Assurance Program.

"Improving herd health brings positive benefits to milk production," Spear said. "Higher quality milk means farmers get a premium in their milk checks. Right now about 15 percent of Maine's dairy farmers participate. We want to double that in two years."

Governor Baldacci said, "But these are not the only solutions. We will look at ways to help farmers reduce costs and we will look at new markets, whether its organic processing, cheese plants or trade."

Governor Baldacci Announces Robert W. Spear as Nominee for Department of Agriculture

January 29, 2003

AUGUSTA -- Governor John E. Baldacci announced Wednesday that he was nominating Robert W. Spear to continue as commissioner of the Maine Department of Agriculture, Food and Rural Resources.

Commissioner Spear has agreed to serve in this position for up to two years. Ned Porter, Deputy Commissioner will also continue in his current position. Porter previously served as a longtime Legislative Assistant focusing on Agriculture for then Congressman Baldacci. Baldacci was a member of the House Agriculture Committee.

Spear, who lives in Nobleboro, has led the Department since 1999. He served in the Maine House of Representatives from 1990 to 1998. Since graduating from the University of Maine in 1965, he has worked at and run Spear Farms, Inc., a family-owned dairy and vegetable farm.

"Bob's experience at the Department and the Legislature, and his years of leadership in the farm community makes this an easy reappointment," Governor Baldacci said. "I look forward to working with Bob and Ned to find solutions to the challenges facing Maine agriculture."

Spear said that his immediate priority would be to provide short-term relief for Maine's dairy farmers. "We've got legislation we're working on to make emergency payments but it is essential that all sides cooperate in designing a strategy to provide long-term stability for Maine's dairy farmers and processors," he said.

Farming provides many benefits for Maine. First and foremost farmers provide locally grown and nutritious food. Agriculture is the cornerstone of much of rural Maine -- its economy and its community. And there is open space for habitat and recreation.

"The best way to way to ensure that all Mainers will continue to enjoy those benefits is to keep farming profitable and that will keep families on working farms," Spear said.

The Department is the State's lead agency dealing with all aspects of the food system from the field to the table. Its mission is to foster opportunities for the agriculture community while promoting the stewardship of Maine's natural resources. With an annual budget of \$24 million and 160 employees, the Department houses programs as varied as animal welfare, weights and measures, and certification of seed potatoes.

"These are demanding times and experience matters. I need people who know budgets," Governor Baldacci said. "Performance is key and Bob has delivered, whether Senior FarmShare for the elderly, a nutrient management program for dairy farmers, or assistance for farmers who need to irrigate. I look forward to even more from his Department during the next four years."

Governor Baldacci Highlights Importance of Emergency Preparedness

February 10, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci highlighted the importance of emergency preparedness on Monday during a briefing in the State House Cabinet Room. The Governor was joined by Major General Joseph E. Tinkham from the Department of Defense, Veterans and Emergency Management, as well as Director Dora Anne Mills from the state Bureau of Health.

Monday's briefing focused on the Homeland Security Council's recent action to raise the national threat level from elevated to high. Concerns about the adverse impact of severe winter weather in northern Maine were also addressed.

The Governor announced that he is seeking a federal disaster declaration for Aroostook County in response to serious weather conditions and substantial snowfall amounts. The necessary paperwork is being filed with the federal government. If approved by the Federal Emergency Management Agency (FEMA), federal matching funds (75-25, federal-local) would be made available to eligible communities to assist with snow removal and related activities.

"With dangerous snow conditions facing Aroostook County and the Department of Homeland Security's increase in the level of alertness from yellow to orange, we are reminded that emergency preparedness is important for our families, communities and state," Governor Baldacci commented.

The Governor and other state officials noted that in the event of emergencies it is advisable for individuals to remain home and stay tuned through television and radio to obtain information regarding any further actions that might be necessary. They outlined an emergency kit that families should have on hand in their homes.

"Here in Maine, we understand that winter is a time of challenging weather and difficult traveling conditions. It is important for everyone to be prepared. With that in mind, Mainers are encouraged to stay informed and be prepared," the Governor concluded.

Minimum Home Emergency Kit for 3-5 Days
Water stored in plastic containers such as soft drink bottles
- 1 gallon per day per person
Non-perishable food that require no refrigeration, preparation or cooking.
Examples of such foods include: Ready-to-eat canned meats, fish, fruits, and vegetables
High energy bars, crackers, toaster tarts
Peanut butter, jam
Dried fruit, trail mix
Mess kit or paper/plastic/extra cups, plates, and utensils
Flashlights (one for each person)
Battery-operated radio
Fresh batteries
Can opener
Necessary medications
Toilet paper, paper towels
Towelettes or diaper wipes
Liquid soap
Duct tape and plastic sheeting for sealing doors and windows
Plastic garbage bag for trash
First aid kit
If a young child:
Infant formula
Diapers
Bottle
Blankets
*Change water, food, and batteries every 6 - 12 months

Household Check List
What room is most appropriate if we need a sealed place to stay? Preferred rooms are those with no outside door, few windows, and well insulated. How do we turn off the water,

electricity, and/or gas from the main switches at our home? How do we contact each other if everyone is at work or school? Whom do we know out of state we can identify as a "family contact" so we each call this person to let them know where we are? In the case of many emergencies, it is easier to call long distance than locally. Where can we evacuate to if we need to leave our neighborhood? Make sure each car has a mini-survival kit with at least the following items: flares, flashlight and batteries, map of the area, water, blanket, warm shoes/boots. For more information, refer to the American Red Cross or the Maine Emergency Management Agency web sites.

Governor Announces Judicial Selection Committee; Members Hold First Meeting at State House

February 11, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci announced the members of his Judicial Selection Committee and opened their first meeting in the State House Cabinet Room on Tuesday. The Committee will advise Governor Baldacci about matters related to judicial appointments and recommend candidates to fill vacancies. The Governor met with Committee members during their first session Tuesday afternoon, and thanked them for their willingness to serve in this important capacity. He noted that they bring substantial expertise and insight to the task of providing advice and making recommendations about judicial appointments.

"The members of this Committee offer a wealth of experience about our courts and the judicial system. I'm pleased they have agreed to assist me in making nominations to fill judicial vacancies. The people of Maine will be well served by their knowledge, energy and commitment to our state. They will work closely with me to select highly qualified nominees," Baldacci commented. The fourteen-member Committee will be Chaired by Warren Silver of Bangor. John Hobson of Portland will serve as Vice-Chair. Membership includes a representative from Maine's Attorney General's Office, as well as practicing attorney's from Aroostook to York counties. All are members of the Maine Bar Association, and they serve on the Committee without compensation. A complete list of members is printed below.

Warren Silver, Chair The Silver Law Firm - Bangor John Hobson, Vice-Chair Perkins, Thompson, Hinckley & Keddy, P.A. - Portland John Clifford IV Clifford & Golden, P.A. - Lewiston Kevin Cuddy Cuddy & Lanham - Bangor Martin Eisenstein Brann & Isaacson - Lewiston Bruce Gerrity Preti, Flaherty, Beliveau, Pachios & Haley LLC - Augusta Alan F. Harding Hardings Law Offices - Presque Isle Patrick Hunt Patrick E. Hunt, P.A. - Island Falls Neil Jamieson, Jr. Prescott Lemoine, Jamieson & Nelson - Saco Patricia Peard Bernstein, Shur, Sawyer & Nelson - Portland Dawn Pelletier Pelletier & Faircloth, P.A. - Bangor Linda Pistner Chief Deputy Office of the Attorney General - Augusta Nicholas Scaccia Scaccia, Lenkowski & Aranson - Sanford Deirdre Smith Drummond Woodsum & MacMahon - Portland

Governor Baldacci Urges Release of Supply from Nation's Strategic Petroleum Reserve

February 14, 2003

AUGUSTA, MAINE -- Governor John Baldacci urged Energy Secretary Spencer Abraham this week to release petroleum distillate from the nation's Strategic Reserve. The request was made to protect families and businesses in Maine and the Northeast from price and supply problems caused by a shortage of petroleum distillate.

In a February 13th letter to Secretary Abraham, Governor Baldacci explained the importance of a release from the Strategic Petroleum Reserve. He also outlined a series of reasons to justify this prudent action.

"I am writing to request that you release petroleum distillate from the Strategic Petroleum Reserve in order to address the significant shortages and pricing problems that exist in the petroleum distillate market today and that will likely exist for the foreseeable future," Governor Baldacci commented in his letter.

"We ask that you do so to protect families and businesses across Maine and the Northeast from the significant impact that a shortage of petroleum distillate will cause. This letter sets forth why we believe unusual conditions have created the current supply crisis and a basis for a release of petroleum distillate from the Strategic Petroleum Reserve," the Governor added.

In releasing his letter, Governor Baldacci said he would work with Maine's Congressional delegation to encourage a release of supply from the Reserve. A copy of the Governor's letter follows.

February 13, 2003

Secretary of Energy Spencer Abraham U.S. Department of Energy 1000 Independence Avenue SW
Washington, DC 20585

Re: Oil Supply Shortage and the Strategic Petroleum Reserve

Dear Secretary Abraham:

I am writing to request that you release petroleum distillate from the Strategic Petroleum Reserve in order to address the significant shortages and pricing problems that exist in the petroleum distillate market today and that will likely exist for the foreseeable future. We ask that you do so to protect families and businesses across Maine and the Northeast from the significant impact that a shortage of petroleum distillate will cause. This letter sets forth why we believe unusual conditions have created the current supply crisis and a basis for a release of petroleum distillate from the Strategic Petroleum Reserve.

A. Unusual Circumstances:

The Prospect of War with Iraq

The imminent threat of war with Iraq is a very significant factor in the pricing of oil at the rack. The best evidence of this significant impact is the phenomenal 10 to 15 cent increase of the price of oil per gallon at the rack last week, only hours after Secretary of State Colin Powell's speech to the United Nations regarding Iraq.

Unusually Cold Winter

It is a bitter irony that after a warm winter last year we are now experiencing an unusually cold winter and colder weather forecast for the remainder of February. The heavy demand caused by this weather, which is exacerbated by the gas interruptible consumers in other Northeastern states switching to oil, has resulted in severe shortages. Inventories are down 41% over the five-year average; and are at a 28-year low.

Venezuela

The general strike in Venezuela and now the continued strike of the petroleum distillate industry in Venezuela is contributing to the inventory and pricing crisis we are now experiencing.

Refiners Maintenance Schedule

Most refiners have scheduled maintenance beginning now and over the next several months. These maintenance periods happen to coincide with the pressures caused by the first 3 issues. The result is that the refining output is limited and cannot be expected to respond to the crisis.

The confluence of all these factors and perhaps some overall pessimism that is prevalent in today's economy has produced a supply and pricing crisis that deserves to be addressed. The petroleum reserve is a logical and sensible way to address the issue.

B. The Basis for a Release of Petroleum Distillate from the Strategic Petroleum Reserve

We urge you to act quickly pursuant to Section 183(a) of the Energy Policy Conservation Act which provides in pertinent part:

The Secretary may well products from the Reserve only upon a finding by the President that there is a severe energy supply interruption. Such a finding may be made only if he determines that...

(2) a circumstance, other than that described in (1) [dislocation], exists that constitutes a regional supply shortage of significant scope and duration and that action taken under this section would assist directly and significantly in reducing the adverse impact of such shortage.

The combination of the possible war with Iraq, the cold weather, Venezuelan strike and the refiners' maintenance schedules have all conspired to cause a very significant shortage of petroleum distillate and consequential jagged price increase. Given current economic conditions a high petroleum distillate price is the last thing we can afford to allow. Maine families - especially the poor and elderly - small and

large businesses al need the direct and significant relief that a release of petroleum distillate from the Strategic Petroleum Reserve would provide.

I would be pleased to discuss the appropriate mechanism to accomplish this objective with you at your earliest possible convenience.

Sincerely,

John E. Baldacci Governor

Baldacci Nominates Susan Gendron as Commissioner of Education

February 18, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci has nominated Susan Gendron of Raymond as Commissioner of Education. Gendron, Maine's Superintendent of the Year 2002, has been the Superintendent of Schools for the Windham School Department since 1997.

"Susan's experience is just what we need to help us face education issues crucial to our State's and citizens' prosperity. She can help us deal with these challenging budget times, explore regionalization, make progress in Learning Results, and ensure that our students are prepared for higher education," Governor Baldacci stated.

Previously, Gendron worked for the Scarborough School Department as Assistant Superintendent, Director of Learning and Coordinator of Instruction and Related Services. In 1985, Gendron was selected by the Maine Department of Education to be an Instructional Support Consultant presenting the Education Reform Act to school systems throughout the state. During this time, Gendron maintained her duties as Primary School Principal for the Windham School Department.

Gendron, who has a BA and Masters Degree from the University of Southern Maine, spent the first ten years of her career as a Kindergarten Teacher. Gendron is active in the Maine School Superintendent Association, Association for Supervisor & Curriculum Development and the American Association of School Administration.

Governor Baldacci and Commissioner Spear Unveil Dairy Relief Package

February 19, 2003

AUGUSTA - The Baldacci administration unveiled a wide-ranging series of proposals Wednesday to provide a helping hand to the state's dairy farmers.

"Commissioner Spear has worked closely with me to find answers that address intermediate and long-term issues confronting dairy farmers. He's developed a good plan," Governor John E. Baldacci said Wednesday. "We already have legislation in the pipeline to provide immediate but temporary emergency relief. This package will build on that."

The package includes components covering credit, regional cooperation, utility costs, and long-term planning.

"I believe our proposals will help farmers reduce their production costs. It also sets out a framework to work on prices regionally," Commissioner Robert W. Spear said. "Prices are at 20-year lows and below the cost of production. To move the price, it is critical that we have cooperation among the states and between the states and Washington. Finally, we have an exciting opportunity to secure federal funds to help dairy farmers evaluate value-added processing."

The proposals include:

Targeting relief to dairy farmers who face a credit crunch with legislation to set aside \$2 million in the Agricultural Marketing Loan Fund. The Finance Authority of Maine would use the money as security for its guarantee of a lender's deferral of a dairy farmer's payments on existing loans.

Working with New England commissioners and the region's congressional delegations on a regional, multi-state approach. The effort would set up a milk marketing mechanism in each state, similar to the Maine Milk Commission, so all states can work with retailers to establish minimum prices and avoid the market disruption of a single state acting alone.

Relieving the impact of electric bills by working with the public and private sectors to determine whether dairy farmers can save money by aggregating and negotiating a power supply contract, or by conserving power through the installation of energy efficient equipment. Competitive Energy Services and the Department of Economic and Community Development both have experience in helping customers and clients save money on their electric bills. Preliminary discussions with each hold potential.

Helping dairy farmers test and develop new markets through a grant from the U.S. Department of Agriculture. The application calls for leveraging resources to assist dairy farmers who seek to diversify by helping research new markets, develop business plans and access funding to help them with value-added production.

"Each of these proposals provides some help," Spear said. "Everybody involved in the industry - farmers, processors and retailers - knows that there are no one size fits all solutions. We have to continue working together to provide the help the industry needs today, tomorrow and the months ahead."

Governor Baldacci and Maine Public Utilities Commission Launch an Energy Star* Residential Lighting Program

February 25, 2003

AUGUSTA, MAINE - Governor John E. Baldacci and the Maine Public Utilities Commission (MPUC) are launching an Energy Star Residential Lighting Program to promote the use of energy efficient lighting and to reduce electricity consumption in Maine homes.

The program offers instant rebates for Energy Star qualified compact fluorescent lamps and fixtures. It is designed to increase the sales of energy efficient lighting products, and to expand the number of Maine retailers offering them. As of February 15, Maine residents have been able to save \$2 on Energy Star* qualified compact fluorescent light bulbs at participating retailers.

Lighting retailers across the state will be enlisted to participate. The program will offer retailers on-going training and assistance to promote Energy Star qualified products. Point-of purchase (POP) display materials, and a cooperative marketing fund for in-store promotions and special events will also be offered.

"This initiative should help many people in Maine to reduce their lighting costs over the long run, while decreasing our electricity consumption. It is expected to provide benefits to individuals, to our state, and to the environment. I'm pleased to promote this effort, and I encourage consumers and retailers to take part," Governor Baldacci commented.

The Residential Lighting Program is part of Efficiency Maine, a statewide effort to promote the more efficient use of electricity, help Maine's residents and businesses reduce energy costs, and improve Maine's environment. The Commission created Efficiency Maine to fulfill the Conservation Act, which directs the MPUC to develop and, to the extent of available funds, implement energy conservation programs.

"Residential consumers typically purchase incandescent light bulbs because of the lower upfront cost and lack of familiarity with compact fluorescent lamps. However, compact fluorescent lamps can cut lighting costs by up to 75 percent, and last up to ten times longer than incandescents. This program is designed to encourage Maine residents to try these products and see for themselves how efficient they are," said Tom Welch, chairman of the Commission.

The Commission is also in the process of launching a program for small businesses in Maine. The program will provide a financial incentive to businesses with 50 employees or less that retrofit their electric equipment with more efficient measures. It will include a marketing component to educate vendors, stores and service providers who deal with small businesses about the program and the energy efficient products and services they can offer to their customers.

"By using practical, existing technologies, such as compact fluorescent light bulbs, we can reduce the amount of carbon dioxide pumped into the air, diminishing the threat to our environment, while

reducing energy costs for Maine people and our dependence on fossil fuels from away," noted Brownie Carson, Executive Director of the Natural Resources Council of Maine.

Governor Baldacci Receives Health Care Report; Praises Effort of Maine Health Care Performance Council

February 26, 2003

AUGUSTA, MAINE -- Members of the Maine Health Care Performance Council presented their first report to Governor John Baldacci at a press conference on Wednesday in the Cabinet Room of the State House. The report, entitled "How Well Is It Working?" outlines a vision and goals for Maine's health care system, and 64 performance measures to track the State's progress toward achieving the vision and goals.

Funded by grants from the Robert Wood Johnson Foundation's State Coverage Initiatives Program and the Maine Department of Human Services, "How Well is it Working?" was developed to provide the Governor, legislators and other policy makers and purchasers with a framework with which to measure the various components of Maine's system of health care.

"The information in this report should serve as a foundation for our health care reform efforts. I am pleased to accept the report, and grateful for the Maine Health Care Performance Council. Its members deserve thanks and recognition for taking on this important subject matter," Governor Baldacci commented.

Don Gerrish, Town Manager of Brunswick, and Kevin P. Gildart, Vice President of Bath Iron Works chair the Maine Health Care Performance Council. Other Council members include people representing employers, consumers, education and social services. The Maine Development Foundation staffed the Council's work. More information about the Maine Health Care Performance Council is available on its website: www.mdf.org/mhccpc.

"The timing of this report is important. The kind of information and trend data it contains in the areas of cost, quality and participation should be helpful as we can dig deeper, get a better understanding of the system as a whole, and make decisions" the Governor added.

Governor John Baldacci Meets with Veterans to Sign Bill; Urges Sensitivity Toward National Guard Members and Families and Outlines Paid State Employment Leave for Military Service

February 27, 2003

AUGUSTA, MAINE -- During a ceremony with veterans to sign LD 373, Governor John Baldacci spoke out about the importance of treating National Guard members and their families with dignity and respect.

His strong comments addressed reports that a small number of teachers in a few Maine schools recently made comments about the U.S. military that have troubled the children of National Guard members, and made them uncomfortable in school.

After signing "An Act to Eliminate the Receipt by the Maine Veteran's Homes of Any Reimbursement from the MaineCare Program for the Costs of Renovating the Existing 120-bed Maine Veterans' Homes Nursing Facility in Augusta," Governor Baldacci called for greater understanding and sensitivity.

"I am disappointed and disturbed by reports that a few insensitive staff members at Maine schools recently made comments that have caused concern and anxiety for the children of National Guard members. Although these were isolated incidents, there is no place for them in Maine schools," Baldacci commented.

The Governor explained that once the incidents were reported, General Joseph Tinkham from the Department of Defense, Veterans and Emergency Management began working with Education Commissioner Duke Albanese to address the situation.

Governor Baldacci noted that an advisory was sent by Commissioner Albanese to school superintendents and principals on Monday. It encouraged sensitivity toward the children of military personnel. No further incidents have been reported since the advisory was issued.

"In uncertain times, such as these, we must pull together to support our citizen soldiers, and to ensure that their families-particularly the children-are treated with dignity, respect and understanding."

After consultation with the Maine State Employees Union and General Tinkham, the Governor also announced on Thursday that State Employees who are members of the National Guard will receive 17 days of paid leave for duties associated with their military service, once mobilization occurs. A similar action was taken during Operation Desert Storm.

Governor Baldacci and FAME Announce Katahdin Loan Insurance Program to Businesses Directly Affected By Great Northern Paper Company Bankruptcy

February 28, 2003

AUGUSTA, MAINE – Governor John Baldacci and officials from the Finance Authority of Maine (FAME) announced a plan on Friday to assist businesses directly affected by the shutdown of Great Northern Paper Company. The Katahdin Loan Insurance Program, available for companies within 20 miles of Millinocket or East Millinocket and /or businesses that provide services or supplies to Great Northern Paper, is leveraged insurance allowing a six-month principal and interest payment moratorium.

“This loan insurance program gives lenders a tool that can help their existing customers catch their breath, as they figure out how to respond to sudden changes in the region's business environment brought on by the GNP bankruptcy filing and the mill shutdowns,” said Charles J. Spies III, CEO of FAME. “By deferring loan payments for six months both the banks and their businesses borrowers can put aside some concerns about immediate cash needs and think more productively about long term solutions.”

“This is an appropriate role for the Finance Authority of Maine. It creates a win-win situation for regional businesses and their lenders,” said Governor Baldacci. “I asked FAME to develop a program that helps businesses survive the challenges presented by the GNP shutdown. Working with local lenders, the Katahdin Loan Insurance Program takes enough risk out of the equation to allow banks to be both patient and prudent in support of their customers.”

The program offers a \$50,000 loan insurance limit per extended business entity on secured loans only. There will be no rate increase during the moratorium and the ceiling rate for insured loan may not exceed 10%. Lenders must provide a minimum moratorium period of six months. The insurance is limited to a maximum of 25% of the loan.

Applications may be submitted immediately, but must be received no later than the close of business on April 30, 2003, and will be considered on a first come, first serve basis until the \$1,000,000 program ceiling is reached. Applications and additional information about the program are available from FAME or on their website.

The Finance Authority of Maine is an independent state agency that provides targeted financial tools and information that help Maine citizens pursue business and educational opportunities. For more information visit FAME's website at www.famemaine.com, or call 1-800-228-3734.

Governor Baldacci Announces Proposed Changes to Indoor Pyrotechnic Display Requirements

February 27, 2003

AUGUSTA, MAINE -- Governor John Baldacci reported on the State's review of laws and regulations pertaining to the use of pyrotechnics at indoor facilities during a State House press conference on Thursday. He was joined by newly sworn-in Public Safety Commissioner Michael Cantara and State Fire Marshall John Dean.

"In the aftermath of the horrible tragedy that occurred at the Rhode Island nightclub, we have been taking steps to review Maine's relevant laws and procedures," Governor Baldacci commented. "There are good policies and procedures in place. Most importantly, we have capable people in the State Fire Marshall's Office."

At the Governor's direction, the Fire Marshall's Office issued a moratorium on the use of pyrotechnics last week. This was done to ensure public safety and to protect property. The state's relevant laws and procedures were then reviewed. The Governor announced on Thursday that the moratorium will be lifted when the following procedures are put into place:

Improving Sprinkler System Requirements -- As fire sprinkler systems provide the greatest level of immediate fire extinguishing protection, it will be required that the use of pyrotechnics will be allowed within buildings that are completely protected by a fire sprinkler system.

Enhancing Safety Procedures -- In facilities where any public gathering is taking place, it will be the responsibility for facility management to provide, by way of public announcement, the policy of no smoking or open flame use, the location of exits and procedures for emergency evacuation. The state is also considering the feasibility of having State Fire Marshall Office personnel monitor pyrotechnic displays at Maine's larger venues.

Strengthening Criminal Penalties -- Presently under State statute Title 8 M.R.S.A. 229, Criminal Penalties, a person who violates Section 227-A by failing to obtain a permit for display commits a Class D crime. Any person who violates Section 227-A by conducting the display in violation of the permit commits a Class E crime.

In an effort to provide a more suitable penalty for such violations, the Office of State Fire Marshall proposes that the statutory language be changed to make failure to obtain a permit a Class C crime, and to make the conduct of the display a Class D crime.

Commissioner of Labor Announces Resignation

March 4, 2003

AUGUSTA, MAINE -- Commissioner of Labor Valerie Landry announced her resignation today, stepping down after eight years as chief of the Maine Department of Labor. In announcing her resignation, Governor John Baldacci praised Landry for her innovative leadership of the Department, including the creation of a statewide system of CareerCenters. "Commissioner Landry has been a leader in organizing governmental services so that the public comes first," said Governor Baldacci.

"It has been an honor to serve the people of Maine in this position and to be a part of such a high caliber team at the Department of Labor," said Landry. A member of Governor Baldacci's Transition Team, Landry stated, "Governor Baldacci has been especially supportive during this time of transition. I continue to offer him my full support as he moves forward to restructure public services."

AFL-CIO President Edward Gorham thanked Landry for her commitment to strengthening the bond between the Department and organized Labor. Said Gorham, "The Peer Support program which hires laid-off workers to assist other workers is a national model and is just one example of the relationship forged between DOL and organized labor during the past eight years."

Maine State Chamber and Industry Director, Dana Connors, cited Landry's leadership in reaching out to the business sector. "Employee safety and welfare begins with employers who are knowledgeable about the law and state-of-the-art safety practices. As a result of Commissioner Landry's efforts, many more employers now consult DOL on best practices. It is my hope that this effort will continue."

Maine Jobs Council Chairman and I-Many Senior Vice President Alan Cardinal, stated, "Commissioner Landry's leadership has moved us beyond the turf issues that so often dominate the public sector. As a result we have seen a complete change in the way services for workers are developed and implemented. This is essential to help workers - - and Maine - - succeed in this fast changing economy."

Governor Angus King appointed Landry to the position of Commissioner in 1995. During her tenure, Landry oversaw the creation of CareerCenters, a statewide system of 23 centers that serve 100,000 people each year. In addition, during this period, the Maine Jobs Council was created, SafetyWorks was launched, twenty unemployment offices were converted to three Call Centers and the Governor's Training Initiative was formed.

Also, during her tenure, Landry was appointed by Governor Jane Swift of Massachusetts to serve on a panel investigating MassPort which oversees Logan Airport, after the September 11 terrorist attacks. Landry served as the Chair of the Sub-Cabinet on Domestic Violence and Sexual Assault and spearheaded the effort at DOL to train employers on how to prevent domestic violence.

Landry is leaving to pursue opportunities in the private sector and expects to leave the Department within the next three weeks.

Baldacci Touts MDOT and IFW Collaboration to Preserve Pond

March 5, 2003

A combination of interests and efforts by two state agencies will protect a central Maine pond shoreline from development and provide future long-term management of the area around it.

"A primary focus of my administration is for departments to work together to improve services and save money. This partnership between the Maine Department of Transportation and Department of Inland Fisheries and Wildlife is a great example of protecting our natural resources while promoting sensible economic development," said Governor John Baldacci.

As part of the project to build a third bridge across the Kennebec River in Augusta, the Maine Department of Transportation was required by state and federal rules to provide mitigation for wetlands impacted by the bridge project. Construction of the new bridge, and its approach highways, requires the filling of about ten and one-half acres of marsh, shrub swamp, and forested wetlands, according to Mark Lickus of MDOT's Environmental Office. "To offset those impacts, we acquired two mitigation sites. The largest was a 146-acre site adjacent to Spectacle Pond, on the Augusta-Vassalboro town line."

Lickus says the site was chosen because of its significant wildlife habitat value that will be maintained and protected forever. "The property connects two separate pieces of the Garcelon Wildlife Management Area that are already managed by the Department of Inland Fisheries and Wildlife. By acquiring this site as mitigation for the Third Bridge project and transferring control to IF&W, we protect important wildlife habitat from development and provide a contiguous, unified management area for wildlife and environmental protection," he notes.

The site includes about 2,200 feet of frontage along the west side of the pond. "The property is mostly hardwood forested upland with several large shrub-dominated wetlands, streams and vernal pools," Lickus continues. "This area provides habitat for nearly forty bird and mammal species, including Great blue herons, and white-tailed deer. It also contains several vernal pools, which are areas where amphibians such as wood frogs and spotted salamanders breed in the spring. These species move into the surrounding forested uplands once they're big enough to leave the pools outside the breeding season."

According to Lickus, the impetus for the acquisition came from IF&W Regional Biologist Jim Connolly, who originally suggested the site to MDOT. "The owners of the property were interested in keeping the land undeveloped and Jim had been in contact with them since 1999 because of IF&W's interest in incorporating the site into the Garcelon Management Area. But negotiations had stalled due to a lack of funding at IF&W, and developers interested in other uses for the site were courting the owners. MDOT, working in cooperation with IF&W, obtained state and federal regulatory approval to include the site in the wetland mitigation package for the Third Bridge project. MDOT purchased the site from Stanley and Jean Pratt of Augusta and Andrew Pratt of Windsor last March," Lickus explained.

"The transfer of the property from MDOT to Inland Fish and Wildlife marks a very successful end to a multi-agency process which met the needs of both agencies, of the property owners, and of the people of the State of Maine. It's an ideal win-win situation," he concluded.

Governor Baldacci and Office of Health Policy and Finance Announce Prescription Drug Plan for Great Northern Workers

March 5, 2003

AUGUSTA, MAINE -- Governor John Baldacci announced on Wednesday that a Retail Prescription Drug Plan is now available for Great Northern Paper Company workers and retirees enrolled in the company's Interim Health Coverage Program that was recently established. Prescription benefit cards were mailed to eligible workers and retirees earlier this week.

In announcing the Prescription Plan, Governor Baldacci credited the staff of his Office on Health Policy and Finance, as well as all involved parties, for working collaboratively to make this benefit possible. He explained that the Plan will offer up to a thirty day supply of medicine to Interim Health Coverage Program participants.

"Prescription medication is essential for the health and well-being of many individuals. It was important to make sure that a plan was in place to help Great Northern workers and retirees continue to access needed medicine. Everyone involved with this effort, including Trish Riley and her staff on the Governor's Office on Health Policy and Finance, deserve recognition for their dedicated work on this," Governor Baldacci commented.

Participants shall be eligible for limited in-network prescription benefits of up to \$58 per script, after a \$10 copayment, plus the amount by which the prescription price exceeds \$1,000. Participants shall pay all prescription costs over \$58 up to a maximum of \$1,000, plus the \$10 copayment per script. In no event shall an Eligible Plan Participant utilizing an in-network pharmacy be required to pay more than \$932, plus the applicable \$10 copayment for scripts filled in any calendar month.

Participants shall be eligible for limited out-of-network prescription benefits of up to \$29 per script, after the \$10 copayment, plus 50% of the amount by which the prescription price exceeds \$1,000. They shall pay all prescription costs over \$29 up to a maximum of 50% of the cost over \$1,000, plus the \$10 copayment per script.

Governor Baldacci Announces Approval of Snow Emergency Declaration

March 11, 2003

AUGUSTA, MAINE -- Governor John Baldacci announced on Tuesday that President George W. Bush has approved the state's request for a snow emergency declaration, granting financial assistance in response to the snowstorms that adversely impacted Aroostook County from February 2-4.

Governor Baldacci explained that the declaration will bring federal matching grants from the Federal Emergency Management Agency (FEMA) for snow removal costs to Aroostook County communities, schools and certain non-profit organizations affected by the storm. The federal assistance will reimburse applicants for 75 percent of eligible costs.

Portions of Aroostook County received a record snowfall in the three-day period, coupled with blizzard conditions and blowing and drifting that continued after the snowfall. Schools, airports and businesses were closed for several days.

Expenditures eligible for matching funds include equipment, overtime and additional personnel costs, contract assistance, and material such as sand and salt. Some costs for emergency response personnel may be eligible if directly related to road clearance efforts, such as setting up barricades.

Reimbursement will be for 48-hour time frame, identified by the applicant, in which the greatest costs were accrued.

A meeting will be scheduled for next week in Aroostook County, at which prospective applicants will be briefed on how to apply for reimbursement. The exact date, time and place for this meeting have not yet been determined.

"This federal funding is welcome news for the people and communities of northern Maine. Towns and cities in Aroostook County, as well as certain non-profit organizations, will be eligible to apply for reimbursement for costs associated with the severe winter weather that impacted northern Maine in early February," Baldacci commented.

No Specific Terror Threats for Maine

March 18, 2003

Baldacci: No special security worries in Maine

AUGUSTA, Maine (AP) Maine faces no specific security threats as the nation prepares to invade Iraq, and Mainers should go about their lives as usual, Gov. John Baldacci said Tuesday following a briefing with federal officials. The governor, speaking a day after federal officials declared an orange state of alert nationally, said Mainers "should be reassured" that the state has taken all of the steps needed in preparation for a war-related attack. "Maine citizens are encouraged to go about doing their everyday activities," said Baldacci. "There is no specific threat." Baldacci and Maj. Gen. Joseph Tinkham, who heads the Maine Army and Air National Guard, were briefed Monday night with leaders of other states in a conference call with Homeland Security Secretary Tom Ridge. Baldacci, Tinkham and Maine's top health, public safety and emergency preparedness officials spoke to reporters Tuesday on Maine's status as the nation prepares for hostilities in the Mideast. Lines of communication are open throughout state government and between state, county and municipal offices and emergency response agencies, Public Safety Commissioner Michael Cantara said. He also issued a warning to anyone who might be inclined to use the war as an excuse to single out anyone of foreign background in the state, saying, "These events should not be an invitation ... for any racist activity." A heightened state of alertness is in effect near Maine's two oil depots in Searsport and Portland, Baldacci said. Owners of other sites that could be terrorist targets were being advised Tuesday afternoon to ramp up their security oversight, Tinkham said. The Maine Emergency Management Agency continues to be staffed 24 hours a day to coordinate communications among state agencies, MEMA Director Art Cleaves said. Tinkham said that even after the mobilization of troops in preparation for an invasion, an adequate number of guard personnel remains in Maine in the event of terrorist activity or a national disaster. While 800 army and air guard troops have been mobilized or notified they will be called up, 3,000 remain in the state, he said. Asked about Maine's ability to respond to a smallpox attack, Health Director Dora Anne Mills said 39 medical workers have been inoculated against the disease, but the state has a plan to speed up the provision of shots so the public can be protected.

Annual Franco-American Day Celebrated at State House

March 19, 2003

Remarks by Governor John E. Baldacci Franco-American Day at the State House March 19, 2003

En Français

Pour marquer cette occasion, je salue la communauté Franco-Américaine du Maine. Depuis des siècles, les gens de souche française enrichissent notre état. Le “Fait Français” se voit et s’entend, à travers le Maine: à Biddeford, à Westbrook, à Rumford, à Lewiston, à Augusta, à Waterville, dans la Vallée Saint Jean, ainsi que dans plusieurs autres endroits. Les noms de famille comme Cyr, Violette, Martin, Paradis, Perreault, Gagnon, Rossignol, Dutremble, Côté, etc., que nous trouvons partout dans le Maine démontrent notre héritage français, et nos liens historiques avec le Québec et l’Acadie.

Je félicite la communauté Franco-Américaine pour ses maintes contributions à l’économie et à la vie culturelle du Maine. La diversité des groupes ethniques de notre état est une remarquable richesse digne de respect et d’honneur. En tant que Gouverneur, je suis fier que le Maine puisse jouir de diverses cultures, traditions et langues, car tous nos citoyens sont l’honneur et la fierté de notre état.

In English

To mark this occasion, I take this opportunity to salute the Franco-American community of Maine. For centuries, people of French decent have enriched our state. The “French Fact” can be seen and heard throughout Maine, in Biddeford, Westbrook, Rumford, Lewiston, Augusta, Waterville, the Saint John Valley, as well as in many other places. Family names like Cyr, Violette, Martin, Paradis, Perreault, Gagnon, Rossignol, Dutremble, Cote, etc., that are found everywhere in Maine illustrate our French heritage, and our historic links with Quebec and Acadia.

I congratulate the Franco-American community for its many contributions to Maine’s economy and cultural fabric. The diversity of Maine’s ethnic population is a remarkable asset worthy of respect and honor. As Governor, I am proud that Maine enjoys diverse cultures, traditions and languages, for our citizens are the pride, and strength of our state.

Governor and Maine State Employee President Announce Tentative Agreement

March 20, 2003

GOVERNOR BALDACCİ AND MAINE STATE EMPLOYEE PRESİDENT KALER ACKNOWLEDGE TENTATIVE AGREEMENT

Augusta, Maine -- Governor John E. Baldacci and the Maine State Employees Association-SEIU jointly announced today that they have reached a tentative agreement for new two-year contracts covering the period from July 2, 2003 through June 30, 2005.

The new agreements cover employees working in the Administrative, Professional & Technical, Operations & Maintenance, Law Enforcement and Supervisory Services units affecting approximately 11,000 state employees. The current agreements expire on June 30, 2003.

Governor Baldacci said, "I am pleased to see both labor and state negotiators reach these early agreements. I believe these tentative agreements recognize the current budget difficulties while ensuring that our employees are afforded the protection of benefits and working conditions they deserve. Having a contract in place for the next two years will ensure that our employees will continue their good work on behalf of the people of Maine".

Brenda Kaler, President of MSEA/SEIU commented that, "our bargaining teams have done a good job under very trying circumstances. It's not all the members deserve but it's the best that can be done in these difficult times."

The new tentative agreements have been sent out for a ratification vote to the membership. If approved, the agreements then go the Legislature for funding approval. The parties have agreed to not publicly release the details of the settlement until the MSEA membership has an opportunity to vote on the tentative agreement.

The parties began negotiations in late January and have been meeting most every day and evening for the past three weeks. Negotiations continue for a new contract with Council # 93, AFSCME for mental health and corrections employees working in the state's institutions.

Governor Baldacci Announces Completion of Rule Making for Indoor Pyrotechnic Displays

March 24, 2003

Governor Announces Completion of Emergency Rulemaking to Enhance Public Safety During Indoor Pyrotechnic Displays

AUGUSTA, MAINE -- Governor John E. Baldacci announced on Monday that emergency rulemaking regarding the use of indoor pyrotechnics has been put in place, and a moratorium on their use has been lifted. The ban was implemented after pyrotechnics caused a nightclub fire in West Warwick, Rhode Island. The band "Great White", which used the pyrotechnics in Rhode Island, had performed at a Bangor nightclub two days before the fire. Indoor pyrotechnics were used at the Bangor concert in violation of rules adopted by the State Fire Marshal's Office.

At the Governor's request, a review of the state's statutes, codes and rules was conducted. Following the assessment, State Fire Marshal John C. Dean submitted a report and recommendations for improvements to the Governor. The Governor's emergency rule making, which is now complete, would require that indoor pyrotechnics can only be used under the following conditions:

Ø All buildings must be fully protected by automatic fire sprinkler systems meeting all requirements of National Fire Protection Association. Ø All shows must have the prior approval of the Office of State Fire Marshal. Ø The special effect display shall be conducted by a Licensed Fireworks Technician with appropriate Indoor and/or Flame Effect endorsement. Ø The event shall be monitored by the Office of State Fire Marshal. Ø An inspection by the Office of State Fire Marshal shall be completed prior to the commencement of the event with all scenery, effects, and equipment in place.

Some of the provisions were already in place, but were consolidated into one place to provide clarity. Additionally, in order to ensure safe exiting in the case of emergencies, it will be required that at every event with a defined start time, where an assembly occupancy can accommodate 300 occupants or more, the event manager, operator, sponsor or a designee shall make an audio announcement to all occupants, prior to the commencement of the event, regarding the following:

Ø Location of exits; Ø Smoking rules and regulations; Ø Use of open flame devices; Ø What to do in case of emergency evacuation; and Ø Location of any first aid stations.

Such events include, but are not limited to, those held at armories, assembly halls, auditoriums, dance halls, exhibition halls, gymnasiums, special amusement buildings regardless of occupant load, and theaters. The public announcement is a requirement for all events where pyrotechnics are used regardless of the audience capacity.

In addition to the rule-making, legislation will be introduced to increase the penalties for displaying pyrotechnics without a license or exceeding the limits of a pyrotechnics permit. Department of Public

Safety Commissioner, Michael P. Cantara, said the call for increased penalties is justified based on the potential threat to life and property from an unlicensed and/or unsafe pyrotechnics display.

Governor Baldacci said he was pleased the review found that Maine already had proper regulations in place. He felt additional requirements, however, would provide even greater protection to the public. "We need to take all appropriate steps to enhance safety at events involving indoor pyrotechnics. The public should know that our laws and regulations are prudent and comprehensive. I appreciate the work that has been done by the State Fire Marshall's Office," Baldacci commented.

Governor Expresses Sorrow at Loss of Marines

March 21, 2003

Governor Baldacci Expresses Sorrow at Loss of Marines

AUGUSTA, MAINE -- Governor John Baldacci expressed sorrow and regret at the loss of Marines in Kuwait, including two with ties to the State of Maine. Among the four Americans killed in a helicopter crash were Capt. Jay Aubin, the son of Thomas Aubin of Machias and Nancy Chamberlin of Winslow, and Corp. Brian Kennedy, the son of Melissa Derbyshire of Port Clyde. "On behalf of the people of Maine, I want to express our deep sorrow and regret at the loss Capt. Aubin and Corp. Kennedy. Our sympathy goes out to their families and friends. They served our nation with honor and distinction. They demonstrated courage and a profound sense of duty. We will not forget their sacrifice," Governor John Baldacci commented.

Governor Baldacci Outlines Economic Development Plan

March 24, 2003

GOVERNOR BALDACCI'S PROPOSED ECONOMIC DEVELOPMENT PLAN March 13, 2003

As we all know, Maine along with nearly every other state in the Union is facing a large budget shortfall during this slow economic period. Recent events have demonstrated that this economic downturn is not going to reverse itself anytime in the very near future. However, as I made clear in my Budget Address last month, we cannot and will not let a temporary budget problem divert us from the real challenge of growing our economy and building a foundation for future growth and prosperity for the people of Maine. The components of this plan will serve to help move toward my primary objectives: creating good jobs, providing health care coverage for all Mainers, and providing the best possible educational opportunities Maine can offer.

To accomplish these goals, we must take action now. I am proposing a number of my initiatives to stimulate the economy. I also propose moving components of my Economic Development package more quickly through the Legislative process to help bring economic change sooner. This includes, among other, tax incentives, research and development bond funds, and higher educational restructuring, all outlined below in further detail.

- Pine Tree Opportunity Zones – The establishment of 8 Pine Tree Opportunity Zones throughout the state is a core component of my economic development plan. Four of the zones, one in Androscoggin County and one each in Aroostook, Penobscot, and Washington Counties incorporating Maine Indian Tribal lands and developed in conjunction with available Federal Development Incentives already available in those areas to maximize the potential of the state's investment. The four additional zones will be awarded on a competitive basis in any area throughout the state as long as certain criteria are met. Factors influencing selection include: areas with adverse economic and socioeconomic conditions including high levels of unemployment and out-migration, and low-income levels. Additionally, preference will be given to applications that encourage regional cooperation.

- The major benefit of the Pine Tree Opportunity Zones proposal is to offer additional tax incentives and pre-permitted construction sites to potential developers to be used with existing state incentives, such as job training and loan programs. The proposed tax incentives will involve all levels of taxation, including corporate, sales, payroll and property taxes; including a 100% reduction of the sales and use taxes on purchases of equipment and building materials for the building of the project, and an expansion of Employment Tax Increment Financing (ETIF) to 100% for the first 5 years and 50% for the second 5 years.

- BETR – In my budget, I have proposed to fully fund the Business Equipment Tax Refund program. Maine is one of only a few states in the northeast that imposes a personal property tax on machinery and equipment. This puts us at a serious disadvantage in attracting new businesses or new investment. BETR was designed to level the playing field, and it works.

· International Trade Zone – The development of an International Trade Zone encompassing Maine, the Maritime Provinces, and Quebec will enhance our state's ability to participate in and benefit from the global economy. By coordinating with the Canadian provinces, we will significantly increase international trade as well as coordinate manufacturing centers throughout the region to be able to fully take advantage of efforts such as the Manufacturing Defense Supply Chain launched by the Maine Manufacturers Employment Partnership. Additional goals include working with the provinces to promote joint transportation projects and tourism programs, and to form cultural clusters to boost tourism prospects for the region.

· One-Stop Business Initiative - Currently our state lacks a coordinated economic development strategy. I have launched a One-Stop Initiative by appointing a seven-member business-working group to examine the entire economic assistance delivery system and recommend ways to make the system more efficient and user friendly, improve cooperation among agencies and eliminate duplication. Their recommendations will assist in improving the business climate in our state and enhance our ability to both attract new businesses and assist existing Maine businesses.

· Natural Resources - A Blaine House Conference on Maine's Natural Resource Based Industries will be held in the fall of this year. Maine's traditional, natural resource-based economy – including fishing, farming, aquaculture, forestry, and tourism – faces multiple and serious challenges that threaten its long-term viability. Later this month I will meet with leaders of these industries in a summit meeting on natural resources, to identify the issues that Maine State government address directly and effectively. This will allow us to work over the course of the spring and fall with accomplishing the goal of the conference which is to develop new ways of thinking about these issues and an action plan to stabilize and sustain the natural resource-based economy and the health of Maine's rural communities.

· Creative Economy – I also will hold a Blaine House Conference on the Creative Economy in the Spring of 2004. Research by the New England Council and the Federal Reserve Bank of Boston has established that the creative arts and artists are both an increasingly important generator of economic activity throughout the region, as well as an attractant to in-migrants and new business creation. No state in New England has a more deeply rooted, active, and creative arts sector than Maine, now and historically. The goal of the Blaine House Conference will be to help define a policy agenda that will maximize and sustain the contributions of our creative sector to the well being of all Maine citizens, to the revitalization of our downtowns, and to growth of our economy as a whole.

· Community College - Investments in education are also a significant benefit to our economy. Low college attainment contributes to economic problems, including low per capita income and lack of a skilled workforce. I am committed to creating a community college system for our state and making higher education more accessible for all Maine residents to give them the skills they need to succeed and make a living in Maine. I have proposed to change Maine's technical college system into a true community college system and have provided \$1 million in my biennial budget for 2004-05 to launch this effort. Additionally, I am proposing a \$2 million bond for the initiative to transition Maine's Technical College system into a true Community College system.

- Increasing Access to Higher Education – I have proposed a \$50 million private activity bond to assist students seeking higher education. This proposal will save students money by the State using tax-exempt bonds to reduce the cost of student loans. The program will create a secondary market that allows lenders to reduce their costs and in turn pass on these savings to students in the form of lower fees for federally insured student loans. Use of tax-exempt bonds to create this secondary market is appealing because they require no taxpayer dollars to create this important benefit for Maine students.

- Economic Development Bond Package – I have proposed a \$70 million bond to further spur economic development opportunities which will aid in creating good paying jobs around the state and assisting in developing and keeping a skilled workforce in Maine. The package consists of several components including:

- o \$25 million for Biomedical Research and Development. These funds will support the joint biomedical research efforts of the University System, the University of New England, Jackson Laboratory, and the other biomedical research organizations around the state. Investments in biomedical research and technology result in economic benefits such as the creation of high paying and skilled jobs. They also lead to health benefits for Maine and the world through the important medical research that will be conducted.
- o \$16 million for Research and Development facilities within the University of Maine system. A portion of the money will be used to provide a match for federal grants for new scientific and research equipment, enhancing the University's ability to leverage federal dollars. Additionally, funds will be dedicated toward expansion of the Wood Composites Center expansion, the Marine Sciences and Aquaculture Research Center, and Forestry and Agriculture Research Facilities.
- o \$13 million for affordable workforce housing projects for renters and owners in service centers throughout the state.
- o \$10 million in matching funds for municipal projects that, while ready to be built, have been stalled by budget constraints at the local level.
- o \$4 million for Marine Infrastructure and Technology that provides competitive infrastructure funding for nonprofit marine research facilities such as the Gulf of Maine Aquarium, University of New England, and the Downeast Institute.
- o \$2 million for Phase II of the Maine Library of Geographic Information. The library is an internet-based resource for the public and private sector and contains a comprehensive collection of publicly funded geographic databases important for promoting economic development, homeland security, land use management and environmental protection.

Several of these bond investments have vast potential to leverage additional/matching funds from the federal government, private donors, corporations and foundations and will provide a significant return on our modest investment.

- Health Care - Additionally, I believe that we cannot seriously talk about strategies for turning around Maine's economy without addressing the enormous burden imposed by the cost of our current health care system. Through my Office of Health Care Policy and Finance, we have begun the work of both lowering the cost of our system as well as providing the access to health care that every Maine citizen deserves.

Governor Orders Flags Flown at Half Staff

March 26, 2003

Governor Baldacci Orders Flag Flown at Half Staff

AUGUSTA, MAINE -- Governor John Baldacci has directed that the United States flag and the State of Maine flag be flown at half staff from sunrise to sunset on Saturday, March 29th, in remembrance and honor of Major Jay Thomas Aubin and Corporal Brian Kennedy. The two Marines were killed last Thursday in a helicopter crash in Kuwait while participating in Operation Iraqi Freedom.

General Joseph Tinkham of the Department of Defense, Veterans and Emergency Management has been advised that Corporal Kennedy will be interred in Texas, and Major Aubin will be interred in California. Governor Baldacci will attend the funeral mass in memory of Major Aubin on Saturday at 10:00 a.m. at St. John the Baptist Roman Catholic Church in Winslow.

Governor Baldacci said the two men served our nation with honor and distinction. "They demonstrated courage and a profound sense of duty. "We will not forget their sacrifice."

Governor Focuses Attention on Springtime Public Safety as Snow and Ice Melt

March 28, 2003

Governor Baldacci Focuses Attention on Springtime Public Safety as Snow and Ice Melts

AUGUSTA, MAINE -- Governor John Baldacci focused attention on public safety on Friday by encouraging awareness and extra caution during this time of melting ice and snow when spring flooding is common. "We are all eager to enjoy the Maine outdoors as the weather gets warmer, but we must remember that flooding is Maine's worst natural hazard both in frequency and damage," Governor Baldacci commented.

The Governor noted that this winter was the 10th coldest on record, and warm weather has been slow to arrive. The result may be a quick warming and melting, leaving the state vulnerable to flooding if there is significant rainfall. Additionally, ice breaks up and moves in these conditions, posing another danger.

Noting that an ice jam formed in 10 minutes on the Kennebec River in Augusta last Wednesday, the Governor asked all citizens to be aware of weather conditions and any flood watches or warnings in their areas. The National Weather Service issues flood watches generally when flooding is possible within the next 36 hours. They issue a flood warning when flooding is imminent or currently occurring.

"We need everyone's cooperation to make this a safe spring," he commented. "Here are suggestions we all can follow."

- Stay away from river ice. Although ice is still quite thick in some areas, it typically loses strength as the spring melt progresses. Conditions can change rapidly, causing dangerous ice movement.
- Know your area's flood risk. If you're new to your area, talk to neighbors and public officials.
- Review your family emergency plan. If you had to leave your home, where could you go? What items would you take with you? If you were isolated in your home by flooded roads, do you have adequate supplies at home? If you were separated from your family, do you have a communications plan to keep in touch with each other? How would you protect your pets or farm animals?
- Be aware of current weather conditions, including the latest forecast and any flood statements, watches or warnings for your area.
- Monitor river or stream conditions and be prepared to seek higher ground if conditions warrant.
- Be alert to any rapid rises or falls in the river levels that may indicate an ice jam.
- Report any flooding to the appropriate authorities.
- Check your insurance coverage. Homeowner's insurance does not cover flooding.

- Never drive a car into a flooded roadway. As little as 6 inches of rapidly flowing water can cause some cars to be washed off the roadway. Water levels are often difficult to judge, particularly at night when flooded roads are more difficult to see. You may not be able to see if a roadway is already washed away.

- If ordered to evacuate, do so immediately.

For more information and links to related sites, see the Maine River Flow Advisory Commission's "River Watch" page at: www.maine.gov/rfac/riverwatch.htm

Governor Highlights Passage of Community College Legislation

March 31, 2003

GOVERNOR HIGHLIGHTS BILL TO CREATE MAINE COMMUNITY COLLEGES

Technical Colleges will become Community Colleges This Summer

AUGUSTA, MAINE -- Surrounded by technical college presidents, trustees, faculty, staff, students and legislative leaders on Monday, Governor John Baldacci highlighted landmark legislation passed by the Legislature last week to officially change Maine's seven technical colleges into comprehensive community colleges. He also used the occasion to sign a proclamation to emphasize the importance of Community Colleges.

The proposal to establish the Maine Community College System was put forward by Governor Baldacci as part of his legislative agenda. When the Maine Legislature passed the biennial budget last week, they also approved the legislation.

"We all know that higher education leads to higher incomes and greater opportunities, and this change will bring that promise to more of our citizens – whatever their income level or background," said Baldacci.

"Having true community colleges will open the door of college to those who have been dissuaded by cost or by apprehension – and by doing so, will also assure a more highly-skilled workforce for Maine businesses," said the Governor.

The legislation had strong bipartisan support, with 117 legislative sponsors signed on. The lead sponsor of the bill was Senate President Beverly Daggett, with other Legislative leaders signed on as cosponsors.

"I absolutely believe this is landmark legislation that will break down barriers to college for thousands of Maine citizens, and help increase college attainment among our high school graduates and working adults," said President Daggett.

By broadening the technical colleges' mission to that of community colleges, Maine joins at least 45 other states and all of New England in offering its residents low-cost, open admission community colleges.

"Over the past five years we have revamped our curriculum, enhanced our libraries, added the Associate in Arts degree, strengthened partnerships with the University System and Adult Education, and garnered the support of the Maine Legislature, business and education leaders," said Maine Technical College System President John Fitzsimmons.

"We are ready to be Maine's Community College System," he said.

Included in the budget is \$1 million to strengthen student support services at the colleges, including advising and developmental programs. With the additional funding, and a collaborative agreement

recently signed with the Maine Adult Education Association, Maine's community colleges will be able to serve students who enter college at varying academic levels.

Since the 1960's, when community colleges were created at a rate of about one a week, these low-cost, two-year institutions have provided an open door to college for individuals from all walks of life. They are known for providing access to groups under-represented in other sectors of higher education – including minority populations, adults juggling work and family, and low-income residents.

Nationally, 42 percent of all undergraduates are enrolled in community colleges, making them a major access point to higher education. Twenty-three percent of baccalaureate holders start at community colleges.

While the Maine Legislature has authority to determine the mission and name of the System, the naming of the colleges is the responsibility of the System's Board of Trustees. The Board will meet this spring to officially change the names of the seven colleges, effective this summer.

Maine's technical colleges began as vocational technical institutes under the State Department of Education, with the first one established in 1946. In 1986, the Legislature removed the VTI's from the State and created the Maine VTI System with its own Board of Trustees. Three years later, the names of the institutes were changed to technical colleges to better reflect their role in postsecondary education.

Maine's community colleges will welcome their first group of community college students this fall.

Governor Helps Announce Completion of Land Conservation Effort

March 31, 2003

New England Forestry Foundation Closes Deal on a 50-mile Conservation Corridor Along Spednic Lake and the St. Croix River To Be Owned By The State of Maine

AUGUSTA, MAINE: The New England Forestry Foundation (NEFF) and its partners raised more than \$2.5 million to purchase a 500-foot, 50-mile conservation corridor on Spednic Lake and the upper St. Croix River, which they gave today to the people of the State of Maine. The project completes a decade-long conservation effort by the State, the Province of New Brunswick, the St. Croix International Waterway Commission and the Woodie Wheaton Land Trust to protect one of the most pristine stretches of boundary water in eastern North America.

The 3,000-acre conservation purchase included a 500-foot shoreland corridor along 16 miles of Spednic Lake and 34 miles of the upper St. Croix River, plus several islands.

Maine Governor John Elias Baldacci, in his first land conservation news conference, praised the acquisition. "This special area is a treasure. It exemplifies the values we are seeking to protect through the Land for Maine's Future Program." The Governor also lauded NEFF and its partners for enabling the state to protect the unique historic, ecological, scenic, recreational and economic values along the state's border with New Brunswick. "Thanks to the New England Forestry Foundation, this jewel of a waterway will now be preserved in perpetuity for its exceptional resources and backcountry recreation opportunities," said Governor Baldacci.

This spectacular corridor is located on the U.S./Canada border between the State of Maine and Province of New Brunswick. In 1994, by Executive Order, the two governments implemented a long-term plan for the entire St. Croix waterway that included permanent protection of the Spednic and upper St. Croix River area. Over the last decade, the governments have made progress toward this goal through a series of acquisitions and easements, actively supported by the Woodie Wheaton Land Trust and the St. Croix International Waterway Commission.

The Governor was joined at the State House in Augusta by Tom Colgan, President of Wagner Forest Management, land managers for the owner who sold the corridor to the New England Forestry Foundation, and Hank Swan, former President of Wagner Forest Management. "The public values along this corridor are so exceptional, we knew if we were patient the project would succeed," noted Colgan. NEFF's Executive Director Amos Eno applauded the landowner for working cooperatively to insure success. "We all owe a debt of gratitude to Hank Swan, whose steadfast and creative leadership has greatly expanded land conservation in Maine," he said.

Eno also singled out Dale Wheaton of the Woodie Wheaton Land Trust for his "unwavering commitment to protecting the wilderness character and natural resources along Spednic Lake." "Thanks are also due

to the St. Croix International Waterway Commission, whose planning and research help both governments to protect the values of this outstanding corridor," Eno added.

The upper St. Croix was recognized as one of state's twenty Outstanding Rivers in the 1982 Maine Rivers Study. As one of the most undeveloped major river corridors in the northeastern United States, it is a favorite destination for families and outdoor groups seeking a near -wilderness setting and wildlife viewing opportunities. Nearly 5,000 people paddle it each year, though the river feels uncrowded because of its constant turns through an unspoiled landscape. The St. Croix supports a recovering population of Atlantic salmon and is the site of international research on this species.

Spednic Lake was identified as Maine's third largest undeveloped lake in the 1987 Maine Wildland Lakes Assessment. Its stunning landscape, created by retreating glaciers, attracts naturalists and canoeists. The lake supports one of Maine's last remaining native landlocked salmon fisheries and some of the best smallmouth bass habitat in the North America.

The lake and river corridor is a principal breeding ground for the region's bald eagle population and contains a number of rare plant habitats and old growth tree stands.

In the 1990s, Maine protected 20 miles of Spednic shoreline and a number its islands through a series of acquisitions and easements. New Brunswick acquired nearly all of the Canadian side of the lake and river, created an 11-island ecological reserve on the river and recently designated a 100-square miles beside Spednic Lake as a provincial Protected Natural Area. The New Brunswick side of the St. Croix waterway is one of Canada's 30 Canadian Heritage Rivers.

With this announcement the last significant unprotected tracts of land on Spednic Lake and the upper St. Croix River will be conserved forever said Governor Baldacci. "Under this and future administrations" Governor Baldacci said, "the Maine Department of Conservation's Bureau of Parks and Lands will manage the river corridor primarily for low-impact recreation, and the Maine Department of Inland Fisheries and Wildlife will manage the Spednic Lake portion, primarily for wildlife."

The Land For Maine's Future Program was the project's major sponsor, contributing \$1.435 million. The Department of Conservation contributed \$175,000 of federal Land and Water Conservation funds that they administer. The Maine Outdoor Heritage Fund, supported by a statewide wildlife lottery, also contributed \$50,000. The Woodie Wheaton Land Trust committed \$120,000 to the project, which was also supported by major contributions from the Elmina B. Sewall Foundation, Sweet Water Trust, Maine Community Foundation, the Essex County Community Foundation, the C.F. Adams Charitable Trust and the National Fish and Wildlife Foundation.

In addition to the \$2.55 million to cover the purchase price, NEFF raised \$500,000 to cover transaction costs including appraisal, legal fees and fundraising. A \$250,000 endowment will be completed by December 2004.

In total, 70 individual and foundation donors contributed in amounts ranging from \$10 to \$100,000. "In these tough economic times, it is particularly gratifying to know that so many conservation donors remain committed to seeing that projects of this importance are a success," said Amos Eno.

The New England Forestry Foundation is a non-profit organization founded in 1944 that encourages and demonstrates responsible management of forests for the benefit of private landowners and the public. NEFF owns and manages 120 community forests on 21,000 acres and holds over 80 easements on almost 18,000 acres of small private forests in New England. In addition, NEFF holds the nation's largest easement on 762,192 acres of Pingree forestland in Maine. That project, the Pingree Forest Partnership, was completed in March 2001.

Governor Baldacci Outlines Bond Package

April 2, 2003

Governor John Baldacci's Bond Package

Economic Development \$70,000,000

Re-capitalize the Municipal Investment Trust Fund to support municipal infrastructure projects; expand research, development and educational facilities & technology in the University of Maine System; support nonprofit marine research infrastructure and technology; support nonprofit biomedical research and development; support the infrastructure needs of the State's Advanced Technology Development Centers; support the infrastructure needs of Maine farmers through the Farms for Maine's Future Program; and develop affordable housing in Maine. This bond anticipates an additional \$170,000,000 in funds from other sources.

Environment \$16,800,000

Construct and upgrade water pollution control facilities, remediate solid waste landfills, clean-up uncontrolled hazardous substance sites, and make drinking water system improvements. This bond anticipates matching an additional \$16,000,000 in federal funding.

Transportation \$75,000,000

Make improvements highways and bridges, airports and state-owned ferry facilities; develop rail corridors and marine infrastructure; and replace public transportation fleets statewide. This bond anticipates matching an additional \$225,000,000 in federal and other funding.

Higher Education, Cultural Improvements, State Parks and \$13,300,000 State Infrastructure

Address health, safety, and compliance deficiencies in the University of Maine System; expedite the creation of a Community College System; support State Park improvements; make cultural improvements and modernize the State Court System.

Summary:

Bond Fund \$175,100,000 Federal \$352,810,000 Other \$ 56,000,000 Total \$583,910,000

An Act to Authorize a General Fund bond issue in the amount of \$70,000,000 for Municipal Facilities, Investments in Research & Development, Farming and Affordable Housing in order to sustain and improve Maine's economy.

Municipal Investment Trust Fund – Re-capitalize this fund for Maine communities, managed by the Department of Economic and Community Development, with \$6 million that will generate at least \$6 million matching funds for municipal infrastructure projects.

Biomedical Research and Development – Re-capitalize the Maine Biomedical Research Fund, managed by the Department of Economic and Community Development. The \$25 million anticipates as much as \$100 million in federal and private funds by the nonprofit member institutions of Maine's Biomedical Coalition.

University of Maine System – Support the University of Maine System in their ongoing research and development effort to grow the Maine economy. Specific activities totaling \$19 million include: \$ University of Maine – construction of the Technology Innovation Center and Advanced Engineering Wood Composites Center Expansion (\$7,500,000) \$ University of Southern Maine – construction and outfitting of the 2nd and 3rd floors of the Research Wing of the Science Building (\$4,900,000) \$ University of Maine System – invest \$3,600,000 in the Maine Economic Improvement Fund to leverage an estimated \$12,000,000 in federal and other funds \$ University of Maine System – invest in educational technology improvements (\$3,000,000)

Marine Infrastructure – Support Maine's nonprofit marine laboratories (exclusive of the University of Maine System) build and renovate infrastructure and acquire the equipment they need to conduct world-class marine research. The Department of Economic and Community Development will competitively award \$4 million that will leverage at least \$4 million in federal and private funds.

Advanced Technology – Support Maine's seven state-wide Advanced Technology Development Centers with their infrastructure development needs. The Department of Economic and Community Development will competitively award \$1 million.

Farms for Maine's Future – Continue the innovative work of the Farms for Maine's Future Program. This effort will provide \$2 million in business planning and infrastructure funding that is matched by the farm community.

Affordable Workforce and Multi-family Housing – The Maine State Housing Authority will use \$13 million, that will leverage an estimated \$50 million, for affordable workforce and multi-family housing projects in downtowns and pedestrian scale neighborhoods.

An act to Authorize Department of Transportation Bond Issues in the Amount \$75,000,000 to match available federal funds for improvements to highways and bridges; airports; state-owned ferry vessels and ferry and port facilities; port and harbor structures; development of rail corridors and improvements to railroad structures and intermodal facilities; investment in the statewide public transportation fleet and public park and ride and service facilities; and statewide trail and pedestrian improvements.

The proposed \$75 million bond for transportation will match up to \$232 Million in federal funds and \$27.3 Million in local funds for statewide transportation improvements to highways and bridges, recreational access, air, rail, trails, transit, ferry and marine facilities, as described in the following. (\$13 million is Highway Fund bonds and the remainder is General Fund bonds.)

Highways and Bridges \$42 million

\$42 million will match up to \$151.0 Million in federal funds and \$8 million in local funds, for improvement to Maine's arterial and major collector highway systems. This continues the 10-year Legislative mandate to upgrade Maine's arterial highway system. Projects were released in the FY04-FY05 Biennial Transportation Improvement Program (BTIP) to be presented to the Legislature in late March 2003.

Freight-related Improvements \$15.76 million

Small Harbor Improvement Program (SHIP) \$1.21 million \$1.21 million will provide a match to local municipalities for development of a wide variety of coastal public access/infrastructure projects. Typical projects include improvements to piers, floats, boat ramps and shore stabilization projects. These projects will improve public access to coastal areas and enhance opportunities for those engaged in commercial fishing activities. Municipalities match this state investment on a 50/50 match level.

Mack Point Site Development \$1.6 million This \$1.6 million will match \$1.5 Million in Federal funds to further the efforts of a public-private partnership to expand the development of the state's three port strategy. This will enhance the ability for the shipping of freight from the state's mid coast area.

Atlantic Point Rockland Development \$3.75 million These funds will be used for the acquisition and development of facilities to establish an intermodal passenger terminal that links the international high-speed ferry operation to a second location in Maine.

Montreal Maine & Atlantic \$5.4 million This \$5.4 million will match \$5.4 million in local funds to provide freight rail preservation in northern and eastern Maine associated with the reorganization of the Bangor and Aroostook Railroad, now the Montreal, Maine and Atlantic Railroad, consistent with prior State commitments.

Freight Rail and Intermodal Improvements \$1.2 million \$1.2 million will match \$2.2 million in local funds to repair the rail bridge over the Androscoggin River between Brunswick and Topsham and to provide the state share of the construction costs of intermodal state facilities in the Calais area.

Industrial Rail Access Program (IRAP) \$2.6 million \$2.6 million will provide the state match for rail infrastructure improvements under the Statewide Industrial Rail Access Program. This will continue economic development initiatives already proven effective under IRAP. This state investment will be matched at a 50/50 match level with local and/or private funds.

Passenger-related Improvements \$17.24 million

Portland to Brunswick and Lewiston Rail Rehabilitation \$5.0 million To match \$15.8 million in Federal funds and \$0.4 million in Local funds for rail right of way and rehabilitation to Lewiston and Brunswick.

Curtis Replacement \$2.0 million To match \$4.0 million in Federal funds to purchase a new ferry to replace the 40-year old Governor Curtis serving Vinalhaven. A new vessel will allow the Governor Curtis to become the much needed vessel for assuring adequate levels of service to all the islands served by the Maine State Ferry Service.

Port Improvements \$0.8 million This will provide \$0.5 million of capital assistance to the Casco Bay Island Transit District (CBITD) that serves all the ferry needs in Casco Bay, a region that is not served by the Maine State Ferry Service. The majority of the CBITD fleet is over its 25-year life span and needs retrofitting to remain in service. This also includes \$0.3 million of funding for Chebeague Island to secure safe and convenient mainland access for essential ferry service.

Aviation \$5.6 million To match \$29.5 million in Federal Aviation Administration funds and \$1.8 million in local funds to provide grants for infrastructure improvements to publicly owned airports statewide. Projects to include runway and taxiway reconstruction, safety improvements and other enhancements to improve airport access and enhance economic development in areas served by air.

Trails \$2.0 million To match \$5.2 million in Federal funds and \$2.6 million in local funds to continue to develop a variety of trails across the state. Key projects include the Kennebec Rail Trail, the Eastern and Mountain Division trails and a new initiative titled Safe Ways to Schools.

Park and Ride Facilities \$0.14 million To match \$200,000 in Federal funds to build and enhance Park and Ride lots statewide. Park and Ride lots encourage ridesharing and vanpooling and reduce congestion. The current Park and Ride lots are heavily used and are an effective investment to reduce the need for expanded highways. Priority is given to Park and Rides that support other modes of transportation or impact areas that experience pollution and congestion.

Transit \$1.7 million To match \$24.8 million in Federal Funds and \$7.9 million in local funds to support a transit replacement program for 17 urban and rural transit providers statewide in addition to conversion to clean fueled fleets to improve air quality, reduce congestion and to provide state funded vehicles to support seasonal industries.

An Act to Authorize a General Fund Bond Issue in the Amount of \$13,300,000 to Address Health, Safety, and Compliance Deficiencies in the University of Maine System; to Expedite the Creation of a Community College System; to Make Improvements to State Parks; to Make Cultural Improvements and to Modernize the State Court System.

University of Maine System - Upgrade health and safety features in laboratory buildings at the University of Maine Farmington, Machias, Presque Isle, and Southern Maine campuses. These critical infrastructure improvements total \$4,000,000.

Expedite creation of the Maine Community College System – Make campus-wide infrastructure and technology investments on Maine Technical College campuses needed to transition to the Maine Community College System. These critical infrastructure improvements total \$2,000,000.

State Park Improvements – The Department of Conservation will make needed repairs and renovations to state parks totaling \$2,000,000.

Protect our cultural resources – The Maine Cultural Affairs Council will make investments totaling \$4,000,000 at the community level for arts and cultural projects, historic structures preservation, library construction and renovation, information technology and digital projects, historic and museum collection preservation, and other local cultural improvements.

Upgrade the State Court System -- Rebuild the Violation Bureau Information System and install video conferencing facilities in State Court Houses to increase efficiencies and provide greater access to justice in rural areas through an investment of \$1,300,000 in the State Court System.

An Act to Authorize a General Fund Bond Issue in the Amount of \$16,800,000 to Construct and Upgrade Water Pollution Control Facilities, to Remediate Solid Waste Landfills, to Clean-up Uncontrolled Hazardous Substance Sites, and to Make Drinking Water System Improvements

Environmental Protection – Provide \$2,500,000 in loans to construct and upgrade water pollution control facilities matched by \$12,500,000 in federal funds; provide \$10,000,000 in grants to construct water pollution control facilities; provide \$2,150,000 to clean up uncontrolled hazardous substance sites; and provide \$350,000 remediate solid waste landfills.

Drinking water improvements – Provide \$1,800,000 grants and loans for public drinking water system improvements matched by \$6,000,000 in federal funds.

Governor and Legislators Highlight Passage of Mental Health Parity and Celebrate Life of Pioneer

April 2, 2003

Governor Baldacci and Legislators Highlight Passage of Mental Health Parity at Event to Honor Pioneering Mental Health Advocate

AUGUSTA, MAINE -- Governor John Baldacci and members of the Legislature highlighted the passage of Mental Health Parity legislation during a press conference on Wednesday, April 2, in the State House Cabinet Room. They also marked the 201st birthday of Dorothea Lynde Dix, a native of Hampden, Maine, who was a national pioneer in advocating for people with mental illness.

In the 1840s, Mrs. Dix persuaded legislatures throughout the country to treat people with mental illness in hospitals instead of jails and prisons. Due to her efforts, more than 30 mental health hospitals were built around the country. The Legislature passed a joint resolution on Wednesday commemorating Mrs. Dix's 201st birthday, and recognizing that with passage last week of comprehensive mental health parity legislation (within the budget bill), the state is following in her footsteps.

Governor Baldacci issued a proclamation during the press conference to designate April 4th as Dorothea Lynde Dix Day (see below), and offered remarks about the importance of mental health parity. He was joined by Senate President Beverly Daggett and Representative Ben Dudley, as well as a host of other Legislators and members of the mental health care community.

"Dorothea Dix worked tirelessly to improve treatment and living conditions for people with mental illness. She was instrumental in awaking our nation to the need for greater understanding. With the passage of mental health parity, the State of Maine is following in her footsteps and moving forward." Governor Baldacci commented.

Incorporated into the \$5.3 billion state budget passed overwhelmingly last week by the House and Senate, mental health parity requires insurers to cover treatment of most mental health illnesses at the same rates as they cover physical illnesses.

Representative Dudley said "the era of shame, stigma and discrimination for tens of thousands of Maine people suffering from mental illness and their families is ending."

WHEREAS, April 4th is the 201st Anniversary of the birth of our nation's first pioneer and advocate for the just treatment of persons with mental illness; and

WHEREAS, Dorothea Lynde Dix worked tirelessly to ensure that the treatment of persons with mental illness was fair and humane; and

WHEREAS, prior to her efforts, the mentally ill were housed in jails and poor-houses where the prevailing understanding was that their condition meant they could not feel pain; and

WHEREAS, in 1841 Dorothea Dix concluded that many of the women in her Sunday School class at the East Cambridge Jail in Cambridge, Massachusetts were only incarcerated because of their mental illness and pleaded their case before a court of law; and

WHEREAS, although the court rejected her argument, the living conditions improved for the inmates; and

WHEREAS, she then undertook an exhaustive survey of the conditions for the mentally ill in jails and prisons across the United States and addressed the major legislative bodies regarding the inhumane treatment of persons with mental illness; and

WHEREAS, Dorothea Lynde Dix almost single-handedly changed public policy about the treatment of persons with mental illness in the United States and Europe; and

WHEREAS, her efforts resulted in the construction of the first asylum for the mentally ill, and in the founding of 32 mental hospitals, removing people with mental illness from jails and prisons and providing them with care and treatment; and

WHEREAS, Dorothea Dix was also instrumental in establishing libraries in prisons, mental hospitals and other institutions; and

WHEREAS, 201 years after her birthday the struggle to end discrimination against the mentally ill has achieved another milestone in the State of Maine with the passage of a comprehensive mental health parity law intended to improve access to mental health services for many Maine children and families,

NOW, THEREFORE, I, JOHN E. BALDACCI, Governor of the State of Maine, do hereby proclaim the April 4th, 2003 as

DOROTHEA LYNDE DIX DAY

throughout the State of Maine, and urge all citizens to join in this observance.

In testimony whereof, I have caused the Great Seal of the State to be hereunto affixed GIVEN under my hand at Augusta this thirty-first day of March in the Year of our Lord Two Thousand and Three.

John E. Baldacci Governor

Dan A. Gwadosky Secretary of State

Governor Baldacci Announces Dairy Relief Plan for Maine

April 4, 2003

AUGUSTA, MAINE -- Governor John Baldacci unveiled a plan to provide assistance to Maine's dairy farmers during a State House press conference on Friday. Joined by the Commissioner and other officials from the Maine Department of Agriculture, as well as legislators and farmers, the Governor outlined a detailed strategy—including immediate, mid-term and long range proposals to stabilize and strengthen dairy farming in Maine.

"These are clearly challenging times for Maine's dairy farmers. We need to join together to strengthen our farms and rural communities. That work is well underway. This plan provides immediate relief and moves us quickly toward mid and long term solutions," Governor Baldacci commented.

The Governor explained that in the short term, the critical need is to help dairy farmers cope with historically low prices. Under his plan, Farmers will receive direct payments totaling more than \$3.9 million through September 2003. All farmers producing milk in Maine will benefit. Payments will be larger in April, May and June to provide assistance during planting season when a farmer's costs are higher. The first installment totaling \$725,000 is already being processed as a result of legislation signed into law by the Governor last month.

The plan also calls for legislation to allow the Finance Authority of Maine to guarantee a bank's deferral of principal and interest payments for eligible dairy farmers. The \$1.3 million program would affect \$10.4 million of loan principal. The Legislature's Agriculture Committee is expected to hear the bill next week.

Additionally, the Governor will commission a task force on the sustainability of the dairy industry in Maine. The task force will be charged with developing plans for the long-term stability and competitiveness of dairy farming in Maine, including, but not limited, to market development, value-added production, and tax reform

Another key piece of the Governor's dairy relief plan is contained in his bond package -- \$2 million for the Farms for the Future Program, which helps farmers develop business plans and provides implementation grants in return for keeping the land in production.

And finally, the Maine Department of Agriculture has committed more than \$185,000 to programs designed to enhance stewardship and improve profitability of dairy farms. A more detailed outline of the plan follows this release.

DAIRY RELIEF PLAN Governor John E. Baldacci

DIRECT PAYMENTS

\$725,000 will be sent to dairy farmers as specified in L.D. 593, An Act To Provide Temporary Emergency Relief to Maine Dairy Farmers, signed into law by Governor Baldacci on March 20.

\$1.4 million would be distributed in May and June, \$700,000 per month based on the previous month's production, as specified in a legislative package introduced by the Governor.

\$1.8 million would be distributed in July, August and September, \$600,000 per month based on the previous month's production, as specified in a legislative package introduced by the Governor.

These payments will be made to all farmers producing milk in Maine, regardless of the amount of production. The larger payments in April, May and June will assist farmers with planting season costs.

“ April payment will be \$1.50 per hundredweight “ May and June payments about \$1.30 per cwt “ July, August & September about \$1.10 per cwt

MID TERM PLAN

Provide up to \$1.3 million in AMLF funds for FAME to use to guarantee a bank's deferral of up to 12 months of principal and interest payments for eligible dairy farmers. The \$1.3 million will affect \$10.4 million of loan principal by deferring payments otherwise required to be made on those loans. The proposal is contained in a Governor's Bill, L.D. 1378, introduced by Representative Piotti.

TASK FORCE

Commission a Governor's task force on the sustainability of the dairy industry in Maine. The task force will be charged with developing plans for the long-term stability and competitiveness of dairy farming in Maine, including, but not limited, to market development, value-added production, and tax reform.

LONG TERM PLAN

Sustain Maine farmers with a \$2 million bond for the Farms for the Future Program. The program provides selected farms with a package of focused, individualized business services leading to development of an investment-grade business plan and the chance to obtain a grant of up to \$25,000 to implement that plan. In return, the farmers must agree to keep their land in agricultural use for up to 10 years.

Help dairy farmers test and develop new markets through a grant from the U.S. Department of Agriculture. The Maine Department would commit \$100,000 to leverage federal resources to assist dairy farmers who seek to diversify by helping research new markets, develop business plans and access funding to help them with value-added production.

Provided a \$5,000 grant from the Agriculture Department to the Maine Organic Milk Producers Association to create a strategic plan. This is the fastest growing market for Maine milk. About 50 farmers are certified and 35 of them recently met to develop the strategic plan, a three-month process.

Provided a \$6,600 grant from the Agriculture Department to the Maine Cheese Guild to promote awareness of and increase demand for Maine cheese and other value-added dairy products.

Relieve the impact of electrical bills by working with the public and private sectors to determine whether dairy farmers can save money by conserving power through the installation of energy efficient equipment. The Maine Department of Agriculture provided Competitive Energy Services with a list of dairy farmers who are willing to participate in a pilot project.

Used \$75,000 from a federal block grant to expand the Maine Cattle Health Assurance Program. MeCHAP is a voluntary program involving on-farm risk assessments to promote animal health and enhance profitability through sound herd management and environmental stewardship.

REGIONAL AND NATIONAL PROGRAMS

Work with New England Commissioners and the region's congressional delegations to restructure and implement an interstate dairy compact.

Work with the region's commissioners and congressional delegations for enactment of the Milk Import Tariff Equity Act, which would close a loophole in the current trade law and restrict the flow of imported dairy proteins into the United States. The unrestricted flow of foreign milk protein products has led to lower farm-level prices.

Work with producers in the state, the region and the nation on a plan put forth by National Milk Producers Federation for an industry led supply management program, "Cooperatives Working Together." It includes export assistance to clear domestic inventory, incentives for farmers to reduce milk marketings and a reduction in the size of the national dairy herd.

SUMMARY

Farmers will receive direct payments totaling more than \$3.9 million through September 2003. All farmers producing milk in Maine will benefit. Payments will be larger in April, May and June to provide assistance during planting season when a farmer's costs are higher.

The Governor's bond package contains \$2 million for the Farms for the Future Program, which helps farmers develop business plans and provides implementation grants in return for keeping the land in production.

The Finance Authority of Maine will guarantee a bank's deferral principal and interest payments for eligible dairy farmers. The \$1.3 million program would affect \$10.4 million of loan principal.

The Maine Department of Agriculture has committed more than \$185,000 to programs designed to enhance stewardship and improve profitability of dairy farms.

The Maine Milk Commission has increased producer margins monthly this year. Through the end of April, the Commission's actions will have provided Maine farmers \$592,000 more than their colleagues elsewhere in New England.

Governor Takes Steps to Help Georgia-Pacific Workers in Old Town

April 4, 2003

AUGUSTA, MAINE -- Governor John Baldacci is working with state and local officials to provide prompt assistance to approximately 300 workers who are expected to be displaced from their jobs at Georgia-Pacific in Old Town. The company announced on Friday that two tissue machines, 13 converting lines and related shipping operations in Old Town will be discontinued.

Governor Baldacci explained that he has contacted company and union representatives. He has met with Georgia-Pacific Corporation Sr. VP David Spraley, and the Vice President of the Old Town mill, Ralph Feck. Additionally, the Governor has contacted Old Town City Manager John Lord, as well as City Council President Allen Reynolds. He will also work with State Senator Mary Cathcart, Representative Matt Dunlap, Representative Anita Peavey-Haskell, and all concerned parties to ensure that appropriate steps are taken to assist displaced workers.

Governor Baldacci noted that officials from the Maine Department of Labor are already in Old Town. They are working with the Governor's office to assess the situation and make preparations for providing the necessary assistance. They will also be determining if the circumstances make it possible to petition the federal government for assistance through the Trade Adjustment Assistance program.

"The workers of Georgia-Pacific, and all residents of the Old Town area, need to know that state and local officials are concerned about their situation, and are moving quickly to lend a hand. This will be a challenging time for employees, their families and people throughout the community. But we will stand with them, and take all appropriate steps to help them during this time of transition," Governor Baldacci commented.

Governor and Business Leaders Express Confidence in Future of Maine's Pulp & Paper Industry

April 8, 2003

GOVERNOR AND BUSINESS REPRESENTATIVES EXPRESS CONFIDENCE IN FUTURE OF PULP & PAPER INDUSTRY

AUGUSTA, MAINE -- Governor John Baldacci was joined by business leaders and legislators at a press conference on Tuesday in the State House to highlight the work being done to strengthen and expand Maine's pulp and paper industry.

"Having met with pulp and paper industry officials at length in recent weeks, I am encouraged by their commitment to our state, and confident they recognize that Maine is interested in helping their industry to succeed," Governor Baldacci commented. "They understand that state officials are eager to make Maine a place of greater opportunity for individuals, families and companies. They are hearing our message -- Maine is open for business."

John Williams, Executive Director of the Maine Pulp and Paper Industry, joined the Governor in expressing confidence that the ingredients are in place to make progress and enhance opportunities within the pulp and paper industry. He noted that Maine's natural resources are vast, and that the state's labor force is second-to-none. Williams also explained that the Governor's economic development strategies, including Pine Tree Zones, are expected to make a difference for the pulp and paper industry and economy in general.

Dana Connors, President of the Maine State Chamber of Commerce, emphasized that passage of a state budget without tax increases, combined with maintaining the Business Equipment Tax Reimbursement program and the Governor's focus on economic development sends a strong message that Maine is a good place for companies to locate and expand. He said that despite challenges, people throughout the country and around the world will take note that government and business leaders are working together in Maine. Connors added that he believes there's a strong desire among business owners to make investments in Maine.

Peter Vigue, President of the University of Maine Pulp & Paper Foundation and CEO of Cianbro Corporation, stressed that current efforts to implement strong economic development initiatives, and to emphasize collaborative partnerships, should yield long-term results. He noted that "team" is the word which comes to mind when thinking about the efforts being made to strengthen the pulp and paper industry.

Rosiare Pelletier of Frasier Paper in Madawaska praised the Governor for "opening his door" and taking time to understand the challenges facing the state's paper companies. He said industry leaders have been pleased by the commitment being demonstrated by state officials.

Tuesday's press conference served as a follow-up discussion to last week's Pulp and Paper Forum at the University of Maine, and in response to Georgia-Pacific recent announcement about reductions in its operations in Old Town. The Governor spent part of Monday morning in Old Town meeting with local legislators, municipal officials and union representatives.

Governor Orders Flag Flown at Half Staff on April 15

April 14, 2003

Governor Baldacci Orders Flag Flown at Half Staff

AUGUSTA, MAINE -- Governor John Baldacci has directed that the United States flag and the State of Maine flag be flown at half staff from sunrise to sunset Tuesday, April 15, in remembrance and honor of Army Sgt. Daniel Cunningham of Lewiston, who lost his life while serving in Iraq. Sgt. Cunningham's service will be help in Lewiston at 10:00 a.m. on Tuesday.

Governor Baldacci Orders Flag Flown at Half Staff on Tuesday, April 15th, to Honor Sgt. Daniel Cunningham

April 14, 2003

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Governor Nominates Labor Commissioner

April 16, 2003

Governor Baldacci Nominates Laura Fortman as Labor Commissioner

Augusta, Maine -- Governor John E. Baldacci has nominated Laura Fortman to be the Commissioner of Labor. Fortman of Nobleboro is a long-time advocate finding solutions for the economic challenges faced by women.

Laura Fortman is currently Executive Director of the Maine Women's Policy Center/Maine Women's Lobby. Serving in this position since 1992, Laura has been responsible for the management and design of programs that advocate for women in the areas of economic security, freedom from violence, anti-discrimination and health care.

Prior to that, she was Executive Director of the Sexual Assault Crisis and Support Center and a substitute teacher. A graduate of the University of New Hampshire, Laura has served on several statewide committee's including: Committee to Continue to Study the Benefits and Costs for Increasing Access to Family and Medical Leave for Maine's Families, Maine Health Care Performance Council; Committee to Study the Benefits and Costs for Increasing Access to Family and Medical Leave for Maine Families; Commission to Study the Unemployment Compensation System; and Commission to Study Poverty Among Working Parents.

"Laura has extensive experience building coalitions and gaining bipartisan support for meaningful legislation. This experience will help Maine employers, workers and government come together to create the skilled workforce needed for a 21st Century economy. Maine workers face many challenges including health care, family leave, job training and education and Laura's strong sense of equity will be crucial in assisting Maine workers achieve a living wage with appropriate benefits," Governor Baldacci commented.

Upon confirmation, Ms. Fortman will be heading the department that is the state's primary resource related to employment issues. This includes Career Centers, state labor laws, occupational safety and health services, Unemployment Compensation, workforce education and training, and rehabilitation services to people with disabilities. In addition, the department is the key agent for labor statistics including the monthly unemployment rate. The Department of Labor has 644 employees, 35 offices statewide, and 4 bureaus.

Governor Baldacci also designated today as Women's Economic Security Day. That Proclamation is attached.

WHEREAS, women comprise 51% of the state's population and 47.6% of the state's workforce and will comprise 48% by the year 2008; and

WHEREAS, while women's wages have increased relative to men's, they still earn 72.7% of what men earn; and

WHEREAS, not only can increasing women's wages reduce poverty among female heads of household, but eliminating disparities between women's and men's earnings will remove a disincentive for women to contribute fully to the economy; and

WHEREAS, the correlation between higher educational attainment and income are well-documented, with two years of college raising women's earnings by 25% over the earnings of women with a high school diploma, while four years of college increasing women's earnings by 43%; and

WHEREAS, women are starting businesses at a rate five times faster than men -- an estimated 36% of all firms in Maine are women-owned; and

WHEREAS, sixty-four percent of female-headed households are asset-poor, lacking the financial reserves needed to cover three months expenses if their income is lost, and over half of older women would be living in poverty without Social Security Benefits; and

WHEREAS, affordable quality child and adult dependent care, affordable housing, and safe and reliable transportation are necessary infrastructures to support women's economic participation; and

WHEREAS, while women are likely to live longer than men, they are also less likely to have access to employer-based health coverage, and face bias within the health care system, including basic research into the causes, cures, and prevention of illnesses that affect primarily women; and

WHEREAS, known domestic assaults are on the rise, disproportionately affecting women and girls, adding costs to society through lost wages and productivity, demands on the judicial system, as well as to medical and mental health systems and

WHEREAS, women have traditionally woven the fabric of our communities through their volunteer support to families, schools, religious and civic organizations; and

WHEREAS, by raising the status of women and girls, the State of Maine as a whole will benefit,

NOW, THEREFORE, I, JOHN E. BALDACCI, Governor of the State of Maine, do hereby proclaim April 16th, 2003 as

Women's Economic Security Day

throughout the State of Maine, and urge all citizens to support the achievement of Women's Economic Security by working towards:

Expanding Access to Quality Education and Training Ensuring that Employment Yields Economic Security
Promoting the Development of Women-Owned Businesses Increasing Women's Financial Literacy and
Asset Development Redesigning Infrastructures to Address the Needs of Women and Families
Addressing Comprehensive Women's Health Care Ensuring Women's Safety Building Sustainable
Communities and a Diversified Economy Assuring Public Resources for Women's Needs

2003 Archive of Governor Baldacci's Press Releases

In testimony whereof, I have caused the Great Seal of the State to be hereunto affixed GIVEN under my hand at Augusta this sixteenth day of April in the Year of our Lord Two Thousand and Three.

John E. Baldacci Governor

Dan A. Gwadosky Secretary of State

Steering Committee for Conference on the Creative Economy Meets; Steering Committee Member Receives National Award

April 24, 2003

Steering Committee for Blaine House Conference on the Creative Economy Holds Second Meeting

Steering Committee Member Receives First Place at National Competition

AUGUSTA, MAINE -- Governor John Baldacci announced on Thursday that a member of the Steering Committee for the Blaine House Conference on the Creative Economy has received national recognition for its efforts to promote artisan-based micro-businesses. The announcement was made as the Steering Committee conducted its second organizational meeting on Thursday, April 24, at the State House in Augusta.

The Maine Highlands Guild, based in Dover-Foxcroft, received First Place in the National Social Venture Competition held at Columbia University Business School in New York City on April 12. Ten teams competed in the final round of judging. They were judged by representatives from foundations, investors and academics who are at the forefront of this quickly growing field of social entrepreneurship.

The Guild is a non-profit organization providing marketing and sales services to artisan-based micro-businesses in Piscataquis and Penobscot Counties. The Guild promotes and sells local art, crafts and traditional products. It seeks to acquire recognition, opportunities and revenue for local craft-based businesses, the communities that support them, and the overall economy in a way that respects, preserves and builds on shared cultural heritage.

"We are extremely honored since participants included teams representing 40 business schools from the United States, England, France and Spain. What the judges liked about our project is that along with a solid business plan and Social Return on Investment Analysis, it was community driven and based in the culture and heritage of the region. Additionally they could see our passion and commitment to the project," Tracy Michaud Stutzman, Ph.D., Executive Director of The Guild commented.

Along with the \$25,000 grand prize, The Guild and The Maine Highlands Region will receive national recognition. The Guild's business plan will be circulated among the Investors' Circle, a network of 150 social investors, providing new funding sources as The Guild raises funds for expanded operations.

"This competition created incredible opportunities for us with foundations and investors present at the competition. We hope to leverage this win to bring more recognition to The Maine Highlands Guild, The Maine Highlands region and the creative economy in the State of Maine as a whole," Stutzman added.

The National Social Venture Competition is organized through a joint effort by the Haas Business School at the University of California, Berkeley, Columbia Business School, and the Goldman Sachs Foundation. The National Social Venture Competition's mission is to catalyze and promote the creation of financially self-sufficient or profitable social ventures. During the finals of the competition, plans were judged on

how well they demonstrated potential for social and financial returns; fundability; scalability; the strength of their management teams; and integration of the financial and social goals.

Governor Baldacci, along with other state and local officials, offered encouragement and support for The Guild throughout the competition process. The Maine Highlands Guild team was composed of Stutzman, Board member Timothy Magee, and University of Maine MBA student Serkan Serttop. Timothy Magee of Katahdin Capital, contributed greatly to the success of this project. He brought the competition to the attention of The Guild and led the team throughout the process.

"As planning for the Blaine House Conference on the Creative Economy moves forward, I look forward to highlighting the excellent work being done throughout Maine to support and promote the arts and other creative endeavors. Our state has much to gain by nurturing, enhancing and spotlighting the creative sector of our economy," Governor Baldacci stated.

The Steering Committee for the Blaine House Conference on the Creative Economy launched its planning efforts earlier this year. The Conference is scheduled for May, 2004.

The Maine Highlands Guild will be holding recruitment sessions for new artisan members seeking to market their works on May 1 from 6-8 pm at the Reg III Tech School in Lincoln, and May 6 at 6:30pm at the Holiday Inn on Main Street in Bangor. More information is available by contacting Tracy Michaud Stutzman at 564-0041.

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Governor Highlights Health Care and Community Development During Annual Maine Indian Tribal-State Commission Assembly

April 24, 2003

Governor Highlights Health Care, Community Development, Pine Tree Zones and other Initiatives During Annual Maine Indian Tribal-State Commission Assembly on Thursday

AUGUSTA, MAINE -- Governor John Baldacci joined Tribal leaders on Thursday for the annual Maine Indian Tribal-State Commission Assembly in Princeton Township. He praised the Tribes for their many contributions, and highlighted the need for progress in the areas of health care and community development.

Specifically, Governor Baldacci addressed the need for implementation of his Pine Tree Zone initiative to spur economic activity to areas of the state, including Tribal lands, which are in need of jobs and development.

Once implemented, those areas would include Washington County (Passamaquoddy Nation), Penobscot county (Penobscot Nation), and Aroostook County (Maliseet Band and Micmac Band). It is anticipated that the Pine Tree Zone initiative would enable officials with the Tribes to build upon their eligibility for Federal programs.

In discussing the need for health care reform, Governor Baldacci said he wants his upcoming health care plan to benefit all Tribal members as well as the rest of Maine. He hopes this effort will build on the relationship already developed through hard work with the Tribal health directors and the State health care agencies.

"Health disparities, chronic disease prevention, women's health issues, Cardiovascular health, substance abuse services, infectious disease prevention and mental health services are concerns throughout Maine and within Tribal communities. I want to work with the Tribes on these vital issues," Baldacci commented.

Additionally, the Governor indicated that his administration is working with the Tribes Four Directions Development Corporation, which has CDFI authority (Community Development Financial Institutions), to help provide resources for each Tribe to invest in affordable housing and business development their communities.

"There is much to be accomplished by working together in partnership. We need to build on past successes and make progress in the areas of community development, health care, and a host of other mutual concerns. I look forward to the work ahead," the Governor concluded.

Governor's Remarks to Maine Health Access Foundation

April 23, 2003

REMARKS TO MAINE HEALTH ACCESS FOUNDATION

Thank you for the opportunity to join you here at the second annual meeting of the Maine Health Access Foundation. I want to congratulate you on a remarkable year of success. The Maine Health Access Foundation has become an important player in Maine health care policy, and I applaud your hard work and dedication to our mutual goal of assuring universal access to all Maine citizens.

You know, it was 16 months ago in February of 2002 that I launched my campaign for Governor with my first policy speech in which I laid out my plans for health reform. The debate during campaign became not whether we should cover every man, woman, and child in Maine, but how we should do it.

After my election I set to work in my transition to lay the foundation for my health reform plan. I asked the National Academy for State Health Policy to help pull together my effort and help us conduct the necessary research to advance our plan. I remain deeply grateful to the Maine Health Access Foundation for your speedy response to our request to help.

Thanks to your grant, we were able to hit the ground running and begin our planning even before I was elected. On day one of my administration I signed an Executive Order creating the Governor's Office of Health Policy and Finance and establishing the Health Action Team.

That team of 26 dedicated individuals from business, health care providers, consumers and business has been instrumental in framing the plan. With six subcommittees, they have met for hundreds of hours to help us think through how best to reform health care in Maine.

Through the discussion during the campaign, the deliberations during the transition, the research we've conducted, and the hours of input from the Health Action Team and its committees, our health plan has evolved and grown stronger, but it remains true to my original proposal – to assure every man, woman, and child in Maine access to affordable, quality health care.

Early in our administration the bankruptcy of Great Northern Paper resulted in workers and their families losing health benefits. As we worked to find a buyer for the mill, we wanted to provide interim help until the mill was sold to guarantee health coverage. My office, working with providers in the Millinocket and Eastern Maine area, was able to put together an interim health plan that provided urgent and emergent care and coverage for prescription drugs.

In order to piece together that interim plan, we leveraged money from the company and from charitable foundations in Maine. The Maine Health Access Foundation's willingness to provide a loan guarantee helped to seal the deal. We are grateful to you for your willingness to move quickly to help us help so many out of work Great Northern Paper employees and their families.

That plan ended as the mill was sold. Seeing what happens when self-insured plans, plans that operate outside the regulation of state government, become the victim of corporate difficulties, steeled my resolution to develop a health plan quickly.

We had hoped to be able to provide ongoing help to the workers of Great Northern in a seamless fashion. Maine was the first state to apply for grant funds from the United States Department of Labor through the Trade Adjustment Assistance Act. That Act provides tax subsidies to pay 65% of premium costs for workers and their families who have lost coverage because their jobs were displaced by foreign trade.

Delays in the federal award mean that we will not be able to immediately pick up coverage from the interim plan. However, we are hopeful that this grant will be awarded very soon. It will provide us millions of dollars for up to 10,000 workers and their families across the State of Maine.

The program will benefit not only the workers left jobless by the Great Northern Paper bankruptcy but all workers and their families across the state who have been displaced by foreign trade. Once we received needed federal funds, we can implement a creative approach to help workers and their families now.

Building on the State Employee Health Benefits Plan, we will offer an Anthem Blue Choice health plan for these workers and federal funds will pay 65% of their premium. We are pleased to have been able to pull together the resources quickly to help workers access these important funds.

But the experience of trying to develop an interim plan for displaced workers at Great Northern Paper and of waiting, unable to act, until the federal government provided us grant funds, strengthens my resolve to move health reform in Maine now. We can't wait for the federal government, we can't wait for solutions from outside, we can't wait for some ship to come in to solve our problems. In Maine we need to build out own ship and find a way here, using our own Yankee ingenuity, to make health care available to all.

As a result, I have decided to move more quickly in presenting my health plan to the public and the legislature. As you know, in our Executive Order we proposed to present our plan in June. After consultation with the legislature, we wanted to develop it sooner so that the legislature could deliberate this session. Just last week I made the decision to present a health reform proposal before we present our tax reform plan.

Therefore, I will next week be making a formal presentation of our health reform proposal in hopes that the legislature can move quickly to consider it this session and act before they go home, since Maine people cannot wait for efforts to restrain cost growth, improve the quality, and achieve access to health care for every man, woman, and child in Maine. As a result of moving more quickly, we have not been able to present a final draft to our Health Action Team, but have nevertheless incorporated their extraordinary work and recommendations in our plan. I want to particularly thank Charlene Rydell who was the designee from the Maine Health Access Foundation serving on the HAT. Charlene chaired the

subcommittee on Low Income Financing and did terrific work on your behalf representing the issues of access for low-income people.

The plan we will present will be as promised - comprehensive and complete. We will have specific recommendations to address ways to contain the growth of health care spending, improve health care quality, and achieve access for all of us. I know that our plan will require change and that change is difficult. We have worked hard to assure there are no unintended consequences in this plan. We have worked hard to make sure there is not a cost shift to big business and that the plan is fair and reasoned. In the weeks ahead we will be engaged in a significant debate about whether we are going to stay the course and maintain the status quo or make the commitment to reform health care in a way that addresses cost, quality, and access. I urge you all, who share our goals for universal access, to educate yourselves about our plan and to work with us to make it a reality in Maine. We stand ready to meet with you and provide any information you need about our proposal. But I know that health reform is more than even this comprehensive bill. We are in this fight for the long run. Throughout my tenure I am committed to doing everything possible to address cost, quality, and access to health care and to make sure health care is there when we need it at a price we can afford, and with a guarantee of high quality. To meet that goal we will need continuous and sustained support from the Maine Health Access Foundation. I appreciate your early support and your support to help us broker the interim health plan for Great Northern Paper. I look forward to working with you in the future and hope you'll all be there with us next week when we launch our plan.

Governor Baldacci Unveils Health Care Reform Plan for Maine

May 5, 2003

Governor's Speech and Summary of Plan:

Governor John Elias Baldacci Dirigo Health – Health Reform for Maine May 5, 2003

Fifteen months ago, I stood at this podium and delivered the first policy address of my campaign for Governor. At that time, I promised to make affordable, quality health care available to every Maine citizen.

Fifteen months ago, 160,000 Maine people lacked health insurance. Today, 180,000 of our citizens have no health care coverage. In the last decade, Maine's health care costs have grown more than any other state in the country. And, for small businesses in Maine, health insurance premiums have been rising at an average clip of 58%.

Fifteen months ago, I knew we had a health care problem in Maine. Today, I'm certain we have a health care crisis.

The lack of affordable, accessible, quality health care in Maine is not just a crisis for the well-being of our citizens. It's an urgent problem for the economic development of our state. Together, we've already tackled hindrances to Maine's economic prosperity. We've passed a state budget that addresses shortfalls without raising taxes. We've established a community college system for Maine. We're putting an economic development bond package before the voters in June.

But we also need a healthy workforce, lower health care costs, and predictable insurance rates to grow the Maine economy. A recent study shows that small businesses report for the first time that rising health care costs are a greater concern to them than taxes. Businesses, government, nurses, doctors, hospitals, and health care consumers all know that we must solve the health care problem if our state and our people are to prosper. And we must solve this crisis because it's the right thing to do!

Creating this plan hasn't been a simple process. It's taken hard work, and collaboration. Four months ago, in my first Executive Order, I established the Governor's Office of Health Care Policy and Finance, directed by Trish Riley. Trish gathered 27 representatives from business, providers, consumers, and government into a Health Action Team to consult on our health care plan. Over 50 people gave over 100 hours in subcommittees to work on plan development. The input of all these people over the last three months was invaluable to forming our final product. I thank you for your guidance and input.

Today, I'm proud to offer a plan that will: · provide affordable access to health insurance; · bring spiraling costs under control; and · assure that the health care delivered in Maine is of the highest quality.

Today we have to set aside special interests and put the people of Maine first. And the voices of those people tell us why the status quo is unacceptable. We must act now.

I know of a long-time married couple from Herman who are exploring divorce so that the wife can qualify for Medicaid to get the health care she needs for her rheumatoid arthritis.

A woman from Deer Isle wrote that her husband claims that “cancer was a piece of cake compared to dealing with the insurance and health companies.”

The owner of a car repair shop on Mount Desert wrote that the cost of health insurance for his four employees has doubled in the last two years, so that he now pays over \$47,000 a year. He's had to make pay cuts and raise prices to cover insurance costs.

An architecture firm in Brunswick has had to change its health care coverage to a catastrophic plan with a \$5000 deductible per person. The president of a Newport company that is the largest manufacturer of drumsticks and mallets in the world is worried about choosing between staying in business in Maine and having health care coverage for his 100 employees.

And a man from Swanville wrote about suffering a terrible accident and being unable to pay his \$15,000 hospital bill. Seriously injured people who are uninsured, he said, can't work, can't pay their bills, and “are haunted not just by death, but by debt.”

For these people and the thousands who suffer in silence, health reform isn't a priority - it's a necessity. In the past we've tried to repair our health care system one piece at a time, and that approach hasn't worked. Cost, quality and access must be addressed together.

The problems we face are complex. Expanding access alone increases costs; cutting costs alone means some people don't get care. These problems won't be resolved overnight or with simple solutions. Fortunately, Mainers understand that we can't sit back and wait for our ship to come in. We must build the ship ourselves. And we will.

Our plan recognizes that real, sustainable reform can't be accomplished piecemeal. It is a bold and comprehensive approach to health system reform. This plan lays out the building blocks to construct the health care system our people deserve. But it's government, business, hospitals, health care providers, insurers, and all Maine citizens working together that will make change happen. And each of us has a personal responsibility to be as healthy as we can be. We can't neglect our health, show up in the ER for care and act as if we had nothing to do with the experience!

Some will say we are moving too fast. Tell that to laid off workers who lack coverage. Tell it to families constantly on the verge of losing their insurance. Tell it to small business owners whose health premiums are escalating beyond their reach. And tell it to those who operate bigger businesses and are forced to deal with the added costs that are shifted in their direction when the uninsured can't pay their bills.

We've had study after study. The Legislature has considered many excellent proposals. Organizations from the Portland Chamber of Commerce to Consumers for Affordable Health Care to the Maine Hospital Association have all released their own plans for reform. Those efforts laid the foundation for the proposal I'm presenting today.

Each year in Maine, we spend over \$5 billion on health care. But we don't do it in an efficient way. We work in silos. Physicians here, hospitals there, big business, the self-employed, insurance companies – often working at cross purposes. In this big and complex system, even with all this spending, one in six of us lacks health insurance!

Today, people without health coverage show up in doctors' offices and in emergency rooms, often at the last stages of serious illnesses that could have been prevented or treated for less. To cover the cost of care for the uninsured who can't pay, hospitals and physicians raise their rates, and all of us who pay health care premiums pay more.

Each year, we spend more than \$275 million on bad debt and charity care in this state. That's inefficient and unfair.

Today, we are creating Dirigo Health Insurance. Our plan will charge an annual assessment of 4.1% on all health insurance premium revenues to recoup a portion of that bad debt and charity care. This is money already in the system. We'll redirect that bad debt spending from the back end of the system to the front end, investing in insurance coverage, primary care and prevention. Those funds will help Mainers who now can't afford health care premiums to purchase health insurance.

Our plan will cover families of 4 with incomes at or below \$55,200; families of three who make \$45,780 or individuals earning \$26,940 or less are eligible and will pay premiums on a sliding scale based on their income.

Our plan pools those dollars from bad debt and charity care with contributions from employers, employees, individuals, and Federal funds to more efficiently and effectively provide coverage for the uninsured.

To provide this coverage, we'll create the Dirigo Health Plan - a comprehensive health plan available to individuals, the self-employed, and businesses, both small and large. Health insurance companies can continue to market a variety of products. But Dirigo Health will be a plan with a difference.

First, Dirigo Health will help families and individuals pay premiums. Second, it will be a public-private partnership. Dirigo Health will be run by its own Board of Directors. It will be non-profit. It will pool funding, draw Federal funds available to Maine, arrange payments to help make premiums affordable, contract with private insurers and pay insurance on behalf of individuals, businesses, and the self-employed who enroll.

It will set the rules, establish a comprehensive benefit, and limit the administrative charges of insurance companies. It will guarantee a fair market rate for the services delivered. Dirigo Health provides you choice of physicians and access to affordable, quality care. And this is a plan that can cover every man, woman and child within four years.

Also, to make insurance affordable over the long term requires serious attention to the cost drivers of health care. We're calling for providers and insurers to limit price increases to no more than 3% through

2004. We'll track and report on their progress. If voluntary measures don't work, action will be taken to keep health care costs from growing too fast.

We'll strengthen our oversight of insurance premium increases and require approval of any future rate hikes in the small group market as we do now in the individual market. We'll help big businesses, too, in their negotiations with insurers to keep costs from shifting to them.

Most important, we need to invest more wisely and build the best health care system for the future. More health care is not necessarily better health care.

Maine is not a wealthy state, yet we rank 11th in the nation in health care spending. We have more inpatient hospital use than any other state in New England. We know that health care supply drives demand. In health care it's true – if you build it they will come. We can do better.

We want the best, not the most health care. Today I'm issuing an emergency rule to place a moratorium on the Certificate of Need Program. With the exception of emergencies and projects already proposed, we will authorize no new spending on new buildings and new equipment for one year.

During that year we'll work together to develop a state health plan, to strengthen our Certificate of Need process and to put it on a budget. We'll build only what we really need and make those services and facilities affordable. In the spirit of collaboration, we are today asking Maine's hospitals and physicians to come together to work with us to develop a creative plan for the future of Maine's hospitals.

In most of Maine, health care is a monopoly with little competition. But I don't think health care should be marketed like used cars. Every Maine citizen, no matter where you live, needs to know you'll have quality care when and where you need it.

All of us need access to nearby emergency care and primary care. Yet, many of our rural hospitals are at risk of closing. All of us need the best specialty care here in Maine, but it doesn't all need to be at every hospital. In fact, we know high volume means higher quality of care, so we need to build and support both rural access and specialty centers.

I will protect hospitals and physicians from any antitrust concerns and ask them to work with us to develop a road map for hospital services throughout Maine.

Access for everyone to a more affordable system is only a victory if the quality provided is the best it can be. Medicine is a rapidly changing field. I know Maine's excellent physicians, nurses, and other providers do all they can to keep up to date.

But there's so much new knowledge today that it takes 20 years for best practices to become common practices. That's not right. We'll create an independent Maine Quality Forum to help Maine's providers learn new information quickly and easily.

We'll also measure and report on health care performance statewide. Today we can learn more about how to buy a good quality toaster than we can about purchasing quality health care. The Maine Quality Forum will provide consumer education, promote wellness, and be a true resource for Maine's providers and consumers alike.

Health care, in the final analysis, is a personal responsibility as well. Three of four leading diseases that Mainers suffer and die from are largely preventable. We are part of the health care cost problem and we all need to do a better job to improve our health status. Today, I want to reinforce our commitment to helping Maine people be as healthy as we can be.

As part of my health care package, I will ask for a constitutional amendment to protect the Fund for Healthy Maine.

Investing in keeping Maine people healthy will be an important legacy of health reform. Maine will lead the nation and send the message that primary care and prevention do not take a back seat here. Forevermore, the dollars available from the tobacco settlement will all be used for health care access, public health, and prevention of disease.

My health plan is called Dirigo Health after our state's motto – to lead. I want Maine to lead in acknowledging that all of us have a role to play in solving the health care crisis.

I want to redirect dollars from bad debt to cover the uninsured. I want to take the \$5 billion dollars we spend each year on health care and spend it in a planned and thoughtful way. I want Maine to lead in our commitment to assure each and every one of our citizens access to affordable, quality health care.

Our plan is available today for the people of Maine to review. This week we will present legislation to make this plan a reality. I ask you all for your support and help. Working together, I know we can meet the goals of an affordable, quality health care system for our people and our economy. Let's do this for Maine!

Dirigo Health – Health Reform for Maine

"Our goal is quality care for everyone at a price we can afford." -Governor John E. Baldacci

Summary

Strategies to Address Health Care Access

Create Dirigo Health Dirigo Health will offer, through private insurance carriers, Dirigo Health Insurance (DHI), comprehensive, affordable health coverage to workers in small businesses who work 15 hours a week or more, self-employed persons, individuals without access to employer coverage, and their dependents. Employers participating in Dirigo Health would benefit from lower rates due to pooling of employer, employee, state and federal funding sources. To participate, employers must pay at least 60% of combined individuals/dependent premium costs. Dirigo Health will ensure that private plans delivering DHI meet high standards for quality and limit expenditures on administrative costs.

Provide Subsidies to Eligible Maine Residents MaineCare will be extended to parents with income up to 200% of poverty and childless adults with income up to 125% of poverty; this expansion does not require any federal waivers. MaineCare enrollees whose employers participate in Dirigo Health will have the option of getting coverage through their employer's plan with a MaineCare wrap-around or enrolling directly in MaineCare. Workers ineligible for MaineCare will receive assistance in purchasing DHI coverage on a sliding scale based on ability to pay if their income is below 300% of the Federal Poverty Level (\$26,940 a year for an individual, \$45,780 for a family of 3). Similar workers in large, fully insured businesses will be eligible to have a portion of their premium subsidized. Uninsured residents with incomes over 300% of poverty may purchase at cost the coverage available through Dirigo Health.

Pool Resources to Finance Dirigo Health Assistance for Maine residents up to 300% of poverty will be financed by pooling individuals and small businesses, by pooling contributions from employers, individuals, state and Federal funds and by recovering and redirecting 60% of the funds currently spent on bad debt and charity care. By pooling these resources, access can be achieved without new state appropriations.

Strategies to Address Health Care Costs

Develop State Health Plan to Connect Resource Allocations with Public Health Goals This plan will set explicit, measurable goals to address quality, cost and access to health care and will establish a budget to assist in resource allocation. A CON Capital Investment Fund will guide expenditures on new capital investment. The Governor's Office of Health Policy and Finance will be responsible for creating the plan with guidance from an 11 member Council on State Health System Development.

Strengthen Certificate of Need to Better Control Costs A moratorium will be placed on CON for one year, while the State Health Plan and Capitol Investment Fund is developed. Exceptions can be made for emergency needs. The CON program will be revised to cover functions and expenditures regardless of site of care; respond to clear goals and criteria established in the Plan and will operate on a budget allocated during 2 competitive review cycles. Ad hoc expert panels and formal review by the Bureau of Insurance and Bureau of Health to assess implications on insurance costs and health goals will be provided.

Plan for Hospitals for Maine's Future - Voluntary Hospital - Physician Cooperation The State will work with the Maine Hospital Association, the Maine Medical Association and the Maine Osteopathic Association from June 1, 2003 – March 2004 to develop a plan to address primary and acute care needs in Maine. Plans will be developed to assure the best constellation of hospital and related services for the future, to strengthen rural health and identify specialty centers for primary care and prevention, as well as specialty acute care services. This plan will be driven by a hospital services budget to reallocate resources to better serve Maine. Statutory language will be enacted to allow cooperative planning without violation of anti-trust laws. The work will inform the State Health Plan and CON Capital Investment Fund.

Disclose Health Care Pricing to the Public To provide greater transparency and accountability on the part of providers and insurers and to better inform consumer choices, we will require disclosure of average

charges and payments accepted for certain commonly performed services at hospitals, physician's offices and other providers such as health centers. This information will be required to be posted and available at each provider site will be published on the Maine Quality Forum website.

Simplify Administrative Functions and Reduce Paperwork By late fall 2003, HIPAA requires use of standardized billing forms and codes and each insurer will implement systems to accept electronic claims from providers. We propose mandating that all providers use electronic claims submission, data exchange, referral submissions/approval and eligibility verification by 2005. The State will seek funding to facilitate this requirement by making available grants and loans for providers.

Enhanced Public Purchasing The Governor will create by Executive Order a Public Purchaser's Steering Group to coordinate public entities and improve their capacity to purchase cost effective, high quality health services.

Strengthen Oversight of Insurance Costs Insurance regulations will be revised to require rate approval in the small group market and to increase accountability in the large group market by requiring insurers to file an actuarial certification, stating that rates were developed in accordance with all relevant state requirements. In addition, standard reporting definitions will be established and required to make annual reports comparable and understandable to the public.

Reduce Cost Shifting If insurance coverage is extended to the uninsured, a significant reduction in bad debt and charity care will result. Those costs are now shifted to private payers. As such, bad debt represents a substantial hidden tax on health insurance costs and premiums; in fact, 16% of total premium costs today are attributable to bad debt and charity care costs. We will recoup some of the estimated costs of bad debt and charity care through assessments on insurance premiums to provide access to uninsured individuals and families.

MaineCare reimburses providers at lower than market rates. Savings accruing to MaineCare through enactment of this reform proposal will be available for future rate increases for providers, with a focus on paying providers based on performance goals.

Voluntary Limits to Control the Growth of Insurance Premiums and Health Care Costs Building on a proposal from a collaborative in Southern Maine, the Health Care Challenge, we will ask all providers to hold price increases and operating margins to no more than 3% and insurers to limit underwriting gains to 3% through 2004. Utilization will be closely tracked as well and a report made at year end to determine the effectiveness of voluntary controls. The Governor's Office of Health Policy and Finance will be authorized to develop rate setting, global budgets and other mechanisms if voluntary measures are deemed ineffective.

Strategies to Address Health Care Quality

Establish the Maine Quality Forum The Forum will be an independent, quality watchdog and resource center with its own advisory board. It will promote rapid deployment of evidence-based medicine and best practices; measure, compare and report on health care performance; conduct consumer education

and conduct technology assessments to guide the diffusion of new resources. The Forum will be financed, in part, through the recovery of bad debt and charity care expenses.

Promote More Effective Use of Data The Governor's proposal calls for greater integration of state data into the Maine Health Data Organization's database to cultivate a valuable resource for health planning, oversight and quality improvement. The MHDO database will be complemented by private sector databases managed by the Maine Health Data Partnership. The enhanced data set will support the design of the State Health Plan, administration of the CON Program, efforts of the Maine Quality Forum, assessment of the voluntary cost containment initiative, and will be a resource for policymakers, planners, researchers and the public.

The MHDO will use the data to prepare publications comparing Maine's health system performance against an array of measures. This information will be made available in an accessible fashion to the public to assist them in making comparisons between providers relative to cost and quality.

Protect the Fund for Healthy Maine The Governor will propose a Constitutional amendment to protect for perpetuity the Fund for Healthy Maine and its public health expenditures. In seeking this Constitutional amendment, Maine would become the first state to so protect funds available from the tobacco settlements and assure their on-going availability for public health, prevention and access initiatives.

Governor Nominates Sharon Reishus to Serve on the Maine Public Utilities Commission

May 7, 2003

Governor Baldacci Nominates Sharon Reishus to Serve on The Maine Public Utilities Commission

AUGUSTA, MAINE -- Governor John Baldacci announced on Wednesday that he has nominated Sharon Reishus to serve on the Maine Public Utilities Commission (MPUC). The nomination goes before the State Senate for confirmation. Commissioners serve a six year term.

Reishus returns to the MPUC, having served as a Staff Analyst from 1991-1998. In that capacity, she advised Commissioners on financial and economic matters, provided expert testimony in electric utility cases, and wrote portions of briefs and internal white papers on policy issues.

Since 1998, Reishus has been employed as Director for North American Power at Cambridge Energy Research Associates (CERA) in Cambridge, Massachusetts. At CERA, she has directed and presented research on U.S. and Canadian power issues, provided consultative services to clients, and written extensively on energy policy.

Prior to joining the MPUC in 1991, Reishus worked as a planner for Central Maine Power Company (1990-1991), as a Senior Duty Officer for the White House Situation Room at the National Security Council (1987-1988), and as an Intelligence Officer for the Central Intelligence Agency (1984-1987).

Reishus holds an MBA Degree in Strategic Planning from The Wharton School in Philadelphia (1990), and a BS in Applied Earth Sciences from Stanford University in Palo Alto, California (1984).

"Sharon Reishus will bring a keen intellect and a proven capacity to work within a complex regulatory system, while always keeping a focus on the public interest. Sharon's expertise in electricity markets and transmission will be an immediate benefit to the PUC as they work through the uncertainties of wholesale electricity markets," Governor Baldacci commented.

"Her past experience as a member of the PUC staff from 1991 to 1998 will make it possible for her to immediately begin contributing to the work of the Commission and the promotion of an open atmosphere in the regulatory process," the Governor added.

The MPUC is an independent agency of the State of Maine created by the Legislature. Three commissioners and their staff are charged with assuring safe, reasonable and adequate service at rates which are just and reasonable to customers and public utilities. The Commission has jurisdiction over water utilities, electric utilities, water carriers, gas utilities, telephone utilities, and resellers of telephone services.

Governor Comments on Supreme Court's Favorable Maine Rx Ruling

May 19, 2003

Comments from Governor John Baldacci U.S. Supreme Court Ruling on Maine Rx May 19, 2003

Today's ruling by the U.S. Supreme Court is welcome news for Maine. Although more work remains before the benefits of Maine Rx can be realized, this is a very encouraging development.

This ruling underscores the fact that states can lead the way when it comes to health care reform and innovation. Maine is being recognized throughout the nation as a leader in the effort to ensure access to more affordable prescription medication.

As we work to move Maine Rx forward, we will reconvene the original group that developed the program, and ask its members to work along with others to examine the ruling and determine what steps should be taken next. This will be done under the auspices of the Governor's Office on Health Policy and Finance.

Maine has demonstrated its commitment to progress and reform, and willingness to lead. We must continue to demonstrate leadership on health care matters.

Governor Announces Members of Advisory Council for the Reorganization and Unification of the Department of Human Services and the Department of Behavioral and Developmental Services

May 19, 2003

Governor Baldacci Announces Members of Advisory Council For the Reorganization and Unification of the Department of Human Services and the Department of Behavioral and Developmental Services

AUGUSTA, MAINE - Governor John Baldacci has named the membership of the Advisory Council that will oversee the reorganization and unification of the State of Maine Department of Human Services and the Department of Behavioral and Developmental Services (see attached) in accordance with Executive order 13 FY02/03 dated May 13, 2003. In addition to the gubernatorial appointees and ex-officio members from state government, the President of the Senate and Speaker of the House will also be invited to appoint two members each.

On Tuesday, May 13th, Governor Baldacci signed the Executive Order establishing the advisory council to oversee the reorganization. The Executive Order instructs the council to report to the Governor and the Legislature by January 5, 2004 with recommendations for the unification of the two departments within a two-year period, including any necessary legislation.

The Governor has set forth the goal of creating a system of human services that is cost effective, of the highest quality and responsive to the needs of consumers. In his Inaugural Address the Governor spoke of the need to devote resources to actual services and not layers of bureaucracy, which in turn will increase service access and quality for individuals, families and communities. The reorganization and unification of the two departments is a cornerstone in working toward that goal.

The Governor has named former Maine Commissioner of Labor, Valerie Landry as Chair of the Council. "I appreciate Commissioner Landry's willingness to Chair the Advisory Council. Her leadership experience within state government coupled with her previous work with disabled citizens will be very beneficial to this important project." Governor Baldacci commented. "I have also directed Val to ensure that a broad spectrum of stakeholders are engaged in the process in a meaningful way both inside and outside of government. The involvement of those who provide for or use the services of these agencies will be critical for a successful outcome."

Other council members include Richard Batt, Meg Baxter, Barbara Crider, Patrick Ende, David Flanagan, Michael Pearson, Cheryl Rust, and Paul Saucier. Sabra Burdick, Doris Harnett, Peter Walsh, and Rebecca Wyke will all serve as ex officio members.

A list of biographies is printed below.

Governor Announces Members of Advisory Council for the Reorganization and Unification of the Department of Human Services and the Department of Behavioral and Developmental Services

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Governor Announces Fiscal Reform Package

May 29, 2003

Governor Baldacci's Fiscal Reform Package Background

Vision

A High Quality of Life for all Maine People

Goal of Economic Development

To create a vibrant economy by encouraging investment, fostering innovation, and investing in the skills and education of our people, so that all Maine's people, young and old, will choose to live and work in Maine.

Goals of Fiscal Reform – Phase I

- 1) To Reduce Tax Burden: By creating a system that encourages efficiency at every level of Government, enabling spending decisions to be made from the broadest perspective possible and better aligning the spending decisions with the funding decisions.
- 2) To Increase Competitiveness: By creating a tax structure which both encourages economic investment in Maine and allows for the sustained investment in high priority public goods and services.

Guiding Principles of Fiscal Reform – Phase I

Burden

- Measures for creating efficiencies will be put in place to reduce burden.
- Measures for limiting expenditure growth will be put in place to reduce burden.
- Relief to property tax payers is a top priority in the near term.
- Relief targeted to the tax payer rather than the tax collector is preferred.
- Tax relief will be targeted to the greatest extent possible.
- Alignment of those spending the money with those paying the bill

Competitiveness

- The tax structure will encourage private investment.
- The tax structure will minimize the distortion of economic decisions.
- The tax structure will demonstrate the idea that "Maine is open for business".

Governor Baldacci's Fiscal Reform Package Elements of Phase I Reform

Adopt the Essential Programs and Services Model

Provide for the creation of Municipal Service Districts

- For a 5-year window, the State will offer municipalities and school districts who voluntarily agree to form a Municipal Service District the following incentives: Ø The State will assume 50% of the general

obligation debt owed, Ø The State will provide a 10% bonus in GPA over a 5 year period, Ø The State will pay certain county costs Ø The State will provide technical assistance grants to help form MSDs

Eliminate, prospectively, the Personal Property Tax on Machinery and Equipment and phase out the BETR program

- State savings in BETR reimbursements will be used to fund the formation of Municipal Service Districts.

Provide Targeted Tax Relief through a greatly strengthened Maine Residents Property Tax Program (a.k.a. Circuit Breaker)

- The current program be changed in the following significant ways: Ø The income eligibility will be moved from the current levels of \$30,300 for single and \$46,900 for a joint return to \$39,000 and \$51,200, respectively, Ø The tax to income ratio will be reduced from 4% to 3%, and Ø The maximum refund will be doubled from \$1,000 to \$2,000.

Re-direct the general Homestead Exemption to fund the targeted Circuit Breaker

- The Homestead Exemption currently costs the State \$35 million annually and pays an annual average benefit of \$110.

Provide Communities that have demonstrated efficiencies with a Limited-Purpose Local Option Sales Tax to fund investments in regional infrastructure

- A Local Option Sales Tax will only be offered to qualifying Service Centers and MSDs, can only be used for funding certain types of investment, can only be collected for a maximum of 5 years, and requires local voters' approval.

Lower the Top Marginal Income Tax Rate

- Continue to index brackets, but do it at a slower pace and use the savings to buy down the top marginal rate by .05% each year until the rate reaches 7.75%.

Governor Baldacci's Fiscal Reform Package

Introduction

Last November, as Maine voters headed to the polls, they were asked to sign not 1, not 2, but 3 citizen's initiatives calling for tax reform. One of those initiatives, put forward by the Maine Municipal Association, garnered a record number of signatures, assuring its place on the November 2003 ballot. Through circulating and signing these initiatives, you have sent a message that the time is here to slow the growth of Government and to bring down the heavy burden that is stifling economic vibrancy in Maine.

I've heard you, loud and clear, and I am putting forth a plan for wholesale fiscal reform that is honest, responsible and sustainable.

The MMA proposal that will be on the ballot in November has put policymakers squarely between a rock and a hard spot. This proposal asks us to simply trust that additional money from Augusta will lead to a dollar-for-dollar reduction in local property taxes.

In addition, the MMA proposal is worded so as to call into question whether meaningful reform can be enacted by the Legislature without being considered a competing measure. Constitutionally, a bill that competes substantively with an initiated bill must be put out to the voters too. Therefore, I have decided to propose the Legislation that provides the details of the plan I will outline for you today as a competing measure.

The fiscal reform proposal I'm putting forth includes a direct response to the MMA proposal. I propose to increase funding to education to 55%, but I want us to do this honestly and responsibly.

- My proposal gets us to 55% education funding over 5 years in 2 ways:

- 1) It builds on the Essential Programs and Services method of school funding currently before the Education Committee. We need the Legislature to pass the Governor's bill this session. 2) And, it provides significant State funds to municipalities that form Municipal Service Districts and direct savings to property tax relief and education.

While I've only been in office about 150 days, I have learned a great deal.

- I've learned that State, County and Local Governments are truly a system, and you can not enact meaningful reform by focusing on only one part – you must deal with the whole.

- In fact, I've learned that 41% of all General Fund expenditures are sent back to the municipalities and counties. When you combine that with the Property Tax revenues that are raised and spent locally, it means that roughly 60 cents out of every tax dollar raised in Maine is spent at the municipal and county levels.
- I've learned that fixing our problems is not as simple as it may first appear – that one person's "waste" is another person's "lifeline".

- And I've grown to appreciate that Maine's economy is fragile, and major change, just for the sake of change, could cause tremendous dislocation and pain.

Our challenges are great and they require bold action, but we must take every caution to ensure that the changes we seek are sustainable and won't completely unravel our system as we know it.

Because of this, I am proposing a three phased fiscal reform package, recognizing that putting Maine on the right course is like trying to turn a huge ship – it doesn't turn on a dime and, in fact, if we try to turn it too quickly, we risk capsizing – a risk I am not willing to take at this tenuous juncture.

Goals of Fiscal Reform – Phase I

The primary goals of this first phase of Fiscal Reform are twofold:

To Reduce Maine's Tax Burden

To Increase Competitiveness

If there is one thing that I heard throughout my campaign, it is that Maine's tax burden is just too high and it is making it extremely difficult for Maine's businesses to compete. And in my short tenure as Governor, I've already seen, first hand, how our cost structure is absolutely strangling Maine industry, leading to the closure of mainstay businesses and devastating our communities.

While there are many laudable tax reform goals worth pursuing, if we fail to gain control over the elements of our spending that continue to drive our burden higher, we will have done little to stop the downward spiral of our foundational industries and the economic activity they support.

Elements of Fiscal Reform

To achieve these goals, we will commit to these critical first steps:

To reduce Maine's Tax Burden: · Create a Municipal Service District framework to incentivize voluntary regional consolidations of municipalities and school districts · Adopt Essential Programs and Services to gain control over educational spending · Provide Municipal Service Districts and qualifying Service Centers with a mechanism to fund projects of regional benefit through a Limited Purpose Local Option Sales Tax · Consciously move away from general property tax relief towards targeted property tax relief by redirecting the broad Homestead Exemption and greatly strengthening the Maine Residents Property Tax Program (a.k.a. Circuit Breaker).

To Increase Competitiveness:

· Eliminate the Personal Property Tax on Machinery and Equipment going forward and phase out the BETR program · Lower the Individual Income Tax Top Marginal Rate · Take steps to lower Maine's Tax Burden

Vehicles of Fiscal Reform

We have already taken some essential first steps towards reform:

· Part I Budget – through the Part I Budget we closed a \$1 billion gap without raising taxes. · Economic Development Bond Package – through the Economic Development Bond Package we made foundational investments in Municipal Infrastructure, Affordable Workforce Housing, and R&D, all central to growing Maine's economy.

There are 2 major vehicles through which we can enact further reform:

1) Adoption of Essential Programs and Services

Currently, expenditures on k-12 education account for approximately 35% of total General Fund spending and roughly 40%-70% of municipal budgets across this state. We can not make progress towards reducing Maine's tax burden without gaining some control in this area. I sponsored the Essential Programs and Services legislation to create a basis for defining and, ultimately, controlling educational costs, and I urge the Legislature to adopt this program right away.

2) Initial Fiscal Reform Legislation / Competing Measure

Today I am presenting to you the rest of Phase I of my fiscal reform package that offers an honest and responsible alternative to the MMA proposal and takes measured but critical first steps towards providing targeted tax relief and creating an improved competitive position for Maine.

Phase I of Fiscal Reform – Competing Measure

Phase I of Fiscal Reform seeks to put us soundly on the right track by adding fiscal discipline to the entire system, by putting in place measures to control costs and contain spending, and by beginning to remove the barriers to investment in Maine.

This package includes the following key elements that reduce Maine's tax burden by creating efficiencies and imposing fiscal discipline on State and Local Governments, and that make Maine more competitive by eliminating barriers to investment:

To lower Maine's tax burden and to make Maine more competitive:

- Provide for the creation of Municipal Service Districts – An important piece of this new fiscal reform package is the creation of a Municipal Service District structure that will allow for the long term reduction of state, county and local costs, and, ultimately, property tax burdens.
- In the 1950's, Maine established the Sinclair Act, which provided state financial incentives to schools that joined into school administrative districts. For decades, SADs have saved school funds and relieved property taxes. Half a century later, we are proposing a "Sinclair Act II" focused on creating efficiencies in school and municipal structures through a voluntary, incentive-based system for municipalities (and the school districts coterminous with them) to form a new level of general purpose local government, the Municipal Service District.
- For a 5-year window, the State will offer municipalities and school districts who voluntarily agree to form a Municipal Service District (MSD) the following financial incentives: Ø The State will assume 50% of the general obligation debt owed (as of June 2003) by each municipality and school that is part of the District, Ø The State will provide a 10% bonus in GPA over the 5 year period following MSD formation, Ø The State will pay certain county costs (jails, district attorney, courts, registries) of participating municipalities Ø The State will provide technical assistance grants to groups of municipalities to prepare for Municipal Service Districts
- Eliminate, prospectively, the Personal Property Tax on Machinery and Equipment and phase out the BETR program - For years, Maine has been at a major competitive disadvantage by assessing a personal property tax on new investment in machinery and equipment. While the BETR program developed in the mid-90s was successful in spurring a good deal of investment, the program is a bit cumbersome and becomes the center of heated political debate annually, adding risk to the investment and undermining the program's effectiveness. I have concluded that if we truly want to spur new investment in Maine, we need to get rid of the tax – period. This will eliminate a major barrier to capital investment, placing Maine squarely in a better competitive position for attracting investment essential to our long term

growth and viability. State savings in BETR reimbursements will be used to fund the formation of Municipal Service Districts.

- Provide Targeted Tax Relief through a greatly strengthened Maine Residents Property Tax Program (a.k.a. Circuit Breaker) – Circuit Breaker is a highly efficient and effective tax relief program which has been weakened through the years by changes in the program's parameters. Through the 3 citizens' initiatives that you were asked to sign last November and the explosion in tax reform bills currently before the Legislature, it is clear that property taxes have reached a breaking point for many Maine residents. This proposal that I put before you today seeks to provide essential relief to those who most need it through a targeted, means-tested program where the parameters are greatly strengthened.

- I am proposing that the current Circuit Breaker program be changed in the following significant ways: 1) the income eligibility will be moved from the current levels of \$30,300 for single and \$46,900 for a joint return to \$39,000 and \$51,200, respectively, 2) the tax to income ratio will be reduced from 4% to 3%, and 3) the maximum refund will be doubled from \$1,000 to \$2,000. Ultimately, my goal is to further strengthen this program, but, frankly, this is what we can afford at this time.

- Re-direct the general Homestead Exemption to fund the targeted Circuit Breaker The cost of greatly strengthening the Circuit Breaker program is \$34 million. The Homestead Exemption is a very broad property tax relief program that, ultimately, provides little relief to the people who need it the most, paying an average benefit in the vicinity of \$110. The Homestead Exemption currently costs the State \$35 million annually.

- Provide Communities that have demonstrated efficiencies with a mechanism to fund investments in regional infrastructure – There are many communities in Maine that are absolutely dying under the weight of providing regional services, the cost of which is being borne on the backs of local taxpayers. Maine's service center communities and those municipalities that choose to form a Municipal Service District will be given the ability to strengthen regional infrastructure critical to the region's vibrancy by providing a new tool, a limited-purpose local option sales tax. The Local Option Sales Tax will only be offered to qualifying Service Centers and MSDs, can only be used for funding certain types of investment, can only be collected for a maximum of 5 years, and requires local voters' approval.

- Lower the Top Marginal Income Tax Rate – Maine currently ranks 7th in the nation in terms of highest marginal income tax rates. Two-thirds of Maine's businesses are taxed under this tax line, placing them squarely at a competitive disadvantage. Throughout my campaign I heard that this is a major disincentive to investing in new businesses and growing existing businesses in our state. Significant lowering of this top rate is the ultimate goal, but I must tell you that this is no simple feat. The current structure is so progressive that lowering the top rate by even one-half of one percent is a \$40 million dollar venture – a costly move at a time when there are no excess revenues to pay for this change. This proposal takes small, but important steps towards bringing that rate down and paying for it by reducing the indexing that was put in place last session. We will continue to index the brackets, but at a slower pace.

Phase II of Fiscal Reform

Phase II builds on the efforts of Phase I to reduce tax burden and increase competitiveness by attacking the issue of sprawl which is driving costs across all levels of government, by assembling a comprehensive relief package to strengthen Maine's service center communities, by actively seeking energy efficiencies and by implementing key recommendations from the Blaine House Conferences on Natural Resource-Based Industries (including working waterfront proposals) and the Creative Economy.

Phase III of Fiscal Reform

Once efficiencies are well in place, Phase III will consider further re-balancing of the system to achieve the other principles of reform such as stability, fairness, tax mix, and exportability.

Conclusion

· Is this fiscal reform package simple? NO · Is the fiscal reform package a quick-fix to Maine's economic woes? NO · Is this fiscal reform package pain free? NO

This proposal is honest, in that it does not try to fool you into thinking we can easily correct a flawed system by just shifting the burden from localities to the State. We are all the same! It is one system!

This proposal is responsible, in that it sets a course that takes measured steps towards fundamentally changing the way we deliver public goods and services. It does not recklessly abandon the old structure, wreaking havoc on our institutions and causing unknown and unanticipated economic dislocation.

This proposal is sustainable, in that we are re-engineering our systems to serve a new, dynamic economy going forward rather than adopting gimmicks that merely gloss over the underlying challenges.

The time for action is now! I urge you to help me make fiscal reform meaningful and a reality for Maine.

MUNICIPAL SERVICE DISTRICTS:

A SINCLAIR ACT FOR THE 21ST CENTURY

A Bottom-Up Strategy to Dramatically Reduce the Cost of Local Government in Maine

Goal: Ultimately reduce the cost of local government in Maine, including K-12 education, by a minimum of \$125 to \$150 million annually, or about 10%.

Is it realistic? Yes, based on the performance of several rural, northern peer states. For example, if Maine delivered municipal services with a number of full-time equivalent employees per 10,000 population similar to these peer states, we would reach this goal.

How do the peer states do it? Fewer general purpose units of governments deliver local services. They tend to rely on "small counties" and regional service districts (such as fire districts). Maine has 492 municipalities. Idaho, with the same population, has just 200. But it also has 44 counties that serve as general purpose units of government and a number of regional service districts. The counties average 29,000 people each. In addition, Idaho, with more K-12 students, has 115 school districts compared with 283 in Maine.

A blueprint for Maine

We propose a far-reaching “Sinclair Act II” – a voluntary, incentive-based system for municipalities (and the school districts coterminous with them) to form a new level of general purpose local government, the municipal service district, which would:

- Consist of 5 or more contiguous municipalities, including at least 2 coterminous school administrative units, containing at least 20,000 people and 3,000 students, or in rural parts of the state, containing at least 250 square miles and 1,000 students;
- Have a charter adopted at referendum by voters within the proposed union; and
- Have a popularly elected council, and a single popularly elected school board.

The municipal service district would have final authority to set budgets for municipal and school services, would set a single district-wide property tax rate, and have exclusive authority for planning and development. Member municipalities would continue as legal and political entities and, within the approved budget, continue to deliver key services, such as police and fire. The municipalities, based on budgetary and other considerations, would choose which of these should be consolidated at the district level. This aspect of “self-organization” – allowing participating towns to decide when and how to consolidate specific services – is an integral part of this “bottom-up” approach to regionalization.

What are the incentives?

For municipalities that help create and join a municipal service district within 5 years, the State will:

- Assume 50% of the general obligation debt (incurred as of June 2003) of participating towns and school districts payable by property taxes;
- Provide a 10% bonus in General Purpose Aid to Education over the subsequent 5 years;
- Pay certain net county costs (jails, district attorney, courts, registries) of participating municipalities.
- Provide technical assistance grants to groups of municipalities to prepare for municipal service districts.

How will it be paid for? A Municipal Service District Fund will be created and funded with a portion of the dollars available as the result of repeal of the homestead exemption and with dollars formerly available under the BETR program.

The expected outcome: Over time, an estimated 60-80 municipal service districts in Maine, each with an elected council and a single school board, would be created. Most would be town or small city-sized in terms of population, but with much more clout. They would control larger tax bases and larger land areas, with many more options for local economic development, while maintaining local identities. For example, a mid-sized municipal service district might have a population of 25,000, a tax base of \$1 to \$2 billion, and a jurisdiction of 300-500 square miles. It would have much greater opportunities for economies of scale, efficient growth, and reduced costs.

Governor Baldacci Announces Maine Rx Plus

May 30, 2003

GOVERNOR BALDACCI UNVEILS PLANS FOR MAINE RX PLUS

AUGUSTA, MAINE -- Governor John Baldacci presented a new prescription drug benefit plan to the Maine Legislature on Friday. His plan comes on the heels of the recent Supreme Court decision in the Maine Rx case, and is being included as part of his Dirigo Health strategy. The new initiative, Maine Rx Plus, makes several improvements to the original statute including a provision for even greater discounts than those envisioned under the old law.

Governor Baldacci pointed out that Maine Rx Plus complements the aims of the Dirigo Health Plan by providing access to lower cost drugs while improving the quality of health care. "My goal," Governor Baldacci stated, "is to provide needed assistance to the thousands of Maine people who do not have prescription coverage. Maine Rx Plus brings us one step closer to that goal."

Following the Supreme Court's decision on May 19 which lifted the District Court's injunction in the Maine Rx case, Governor Baldacci directed Acting DHS Commissioner Peter Walsh to convene a group of legislators and advocates who helped design the original law. Over the past two weeks, that workgroup along with members of the Governor's administration examined both the old law and the Court's legal opinion in view of the changes that have been made to the pharmacy benefit offered under the MaineCare program.

"When it comes to obtaining prescription drug discounts, we know more than we did three years ago," noted Commissioner Walsh. "During that time, we've had valuable experience implementing other discount programs and cost saving measures in MaineCare, and that will make Maine Rx Plus an even stronger and more effective program in the long run."

Maine Rx Plus builds upon changes being made in MaineCare scheduled to go into effect beginning in July 2003. DHS is currently developing a ranking of drugs covered under MaineCare that will determine which drugs in that program are preferred. Any drug identified as a preferred drug in MaineCare will also be covered under Maine Rx Plus. Maine Rx Plus members will be able to purchase these drugs at the MaineCare price, which is significantly lower than the retail price. DHS is also authorized to secure further price discounts for Maine Rx Plus members by entering into rebate agreements with pharmaceutical manufacturers.

The new proposal also adds an income limit of 350% of the federal poverty level for participation in Maine Rx Plus. Maine Rx did not have an income restriction, a criticism that the Supreme Court, among others, had noted. The income limit for a family of 4 will be approximately \$64,400 and for a single individual roughly \$31,400. Approximately 275,000 Maine people will be eligible for assistance through Maine Rx Plus.

The original Maine Rx law called for the state to leverage expenditures made in the MaineCare pharmacy benefit, estimated at \$265 million dollars for the current fiscal year, as a means to encourage drug manufacturers to provide lower prices for people who do not have prescription drug coverage. "That principle remains as the core of the Maine Rx Plus program," Commissioner Walsh observed, "and now as a result of the Supreme Court's decision, we can move forward."

State officials expect to have Maine Rx Plus operational within the year. Efforts to do so will be aided by the experience of implementing the Healthy Maine Prescriptions Program, a drug discount program which began in June 2001 and was shut down by a Federal Circuit Court last December. All of the 225,000 people who were eligible for that program will be eligible for Maine Rx Plus.

GOVERNOR BALDACCI'S REMARKS MAINE RX PLUS PRESS CONFERENCE MAY 30, 2003

LAST MONDAY, AFTER LEARNING OF THE SUPREME COURT DECISION THAT LIFTED THE INJUNCTION IN THE MAINE RX CASE, I DIRECTED DHS ACTING COMMISSIONER PETER WALSH TO CALL TOGETHER A GROUP OF LEGISLATORS, AND OTHER STAKEHOLDERS WHO HAD PARTICIPATED IN THE DRAFTING AND PASSAGE OF MAINE RX.

SPECIFICALLY, I ASKED THAT WORKGROUP ALONG WITH MEMBERS OF MY ADMINISTRATION TO REVIEW THE OLD LAW IN THE CONTEXT OF THE COURT'S DECISION AS WELL AS THE MANY CHANGES TO THE PHARMACY PROGRAM IN MAINECARE IN THE THREE YEARS SINCE MAINE RX WAS PASSED.

I ALSO ASKED THEM TO PRESENT TO ME ANY CHANGES THEY THOUGHT SHOULD BE MADE TO THE STATUTE WHICH COULD POSSIBLY REDUCE COSTS AND IMPROVE THE DISCOUNTS AVAILABLE.

THANKS TO THE WORK OF THAT GROUP, A BIPARTISAN EFFORT I MIGHT ADD, I AM VERY PLEASED TODAY TO PRESENT TO THE PEOPLE OF MAINE THE NEXT STEP IN OUR CONTINUING EFFORT TO PROVIDE MEANINGFUL RELIEF FOR THE THOUSANDS OF PEOPLE WHO CANNOT AFFORD PRESCRIPTION DRUGS. . . .

MAINE RX PLUS

· MAINE RX PLUS WILL PROVIDE BETTER DRUG DISCOUNTS FOR THE PEOPLE WHO MOST NEED THEM ·
AT A COST THAT IS CONSIDERABLY LOWER THAN WHAT HAD BEEN ANTICIPATED THREE YEARS AGO ·
WITH BETTER MANAGEMENT OF THE BENEFIT FOR THE COVERED POPULATION · IN A WAY THAT WE
BELIEVE IS CONSISTENT WITH THE SUPREME COURT RULING AND FEDERAL HEALTH AND HUMAN
SERVICES GUIDELINES · THE PHARMACIES OF OUR STATE, WHOSE SUPPORT HAS BEEN CRUCIAL IN THE
EFFORT TO PROVIDE ASSISTANCE TO LOW INCOME FOLKS, WILL RECEIVE THE SAME REIMBURSEMENT
AS THEY DID THROUGH THE HEALTHY MAINE PRESCRIPTIONS PROGRAM · MAINE RX PLUS, CONSISTENT
WITH THE INITIATIVES OF THE DIRIGO HEALTH PLAN, PROVIDES GREATER ACCESS AND HIGHER QUALITY
AT A LOWER COST

THE HARD WORK AND PERSEVERANCE OF OUR LEGISLATURE, ATTORNEY GENERAL, DHS STAFF AS WELL
AS THE THOUSANDS OF PEOPLE WHO SUPPORTED THIS EFFORT HAS GIVEN US THIS RARE OPPORTUNITY
TO MAKE FUNDAMENTAL IMPROVEMENTS IN THE LIVES OF LOW INCOME PEOPLE.

MAINE HAS, ONCE AGAIN, SET AN ENVIABLE EXAMPLE FOR HOW WE TAKE CARE OF OUR CITIZENS, ESPECIALLY THOSE WHO ARE MOST VULNERABLE. WE HAVE ALSO DEMONSTRATED THAT STATES CAN AND SHOULD MOVE FORWARD TO ACHIEVE HEALTH CARE REFORM AND PROGRESS. I AM PROUD TO BE A PART OF THIS EFFORT.

I'D NOW LIKE TO INTRODUCE COMMISSIONER WALSH WHO WILL OUTLINE SOME OF THE PARTICULARS OF THE MAINE RX PLUS PROGRAM.

Governor Announces Celebration of Maine Quarter Launch

June 2, 2003

MAINE TO CELEBRATE LAUNCH OF STATE'S QUARTER

Governor Baldacci, State Treasurer, U.S. Mint Director and Local Officials To Gather for Public Ceremony at Pemaquid Point Lighthouse

PEMAQUID POINT, MAINE – Governor John Baldacci and State Treasurer Dale McCormick will join the Director of the United States Mint and local dignitaries, as well as people from throughout Maine, to celebrate the introduction of the new Maine State Quarter into circulation during a celebration on Monday, June 9, from 11:00 – 12:00 noon at Pemaquid Point Lighthouse.

Chad Hanna, chairman of the Bristol Board of Selectmen, will serve as master of ceremonies. Tim Harrison, president of the American Lighthouse Foundation, Tom Wilcox, executive director of the Maine Maritime Museum and Kip Files, captain of the Victory Chimes windjammer will also be on hand to speak about Maine's maritime history.

In her remarks, United States Mint Director Henrietta Holsman Fore will discuss the 50 State Quarters and their educational value for students across the country. She will also present signed artwork by engraver Donna Weaver and two first-strike quarters to Governor Baldacci. The Governor will then join Fore in unveiling the 50 State Quarters map and positioning the Maine quarter in its place.

Additionally, an Honor Guard will post the colors and entertainment will be provided by Tim Sample, the Lincoln Academy Band, the Bristol Consolidated School Choir and Handbell Choir, as well as a bagpiper and the group Castlebay.

At the end of the event, children in the audience will be invited to receive their own Maine State Quarter. A quarter exchange will be available before and after the ceremony. A local bank will exchange quarters for the new Maine quarters.

The American Lighthouse Foundation, which is responsible for the care of the Pemaquid Point Lighthouse, has purchased chocolate quarter replicas made by Wilbur's Chocolates of Maine and the Friends of Pemaquid Point Lighthouse will hand them out at the end of the event.

Due to limited parking and seating, those attending are encouraged to carpool and provide their own seating. Traffic will not be allowed beyond Hanna's Garage on Rt. 130 in New Harbor. Parking is available at Pemaquid Beach Park and shuttle buses will be available to bring people to the Pemaquid Point Lighthouse site. Only those guests with handicap placards will be allowed beyond the Rt. 130 checkpoint.

Governor Signs LD 1616, AN ACT TO PROMOTE STEWARDSHIP OF FOREST RESOURCES

June 4, 2003

Governor John Baldacci Signing Ceremony for LD 1616“AN ACT TO PROMOTE STEWARDSHIP OF FOREST RESOURCES”Capitol Park, Augusta June 4, 2003

I want to thank Commissioner McGowan for his leadership and commitment to our state -- it's people and natural resources.

This legislation addresses the problem of liquidation harvesting -- something that has been a concern of mine, and many Maine people, for some time.

The bill has two key components:

It directs the Department of Conservation to develop rules to substantially eliminate liquidation harvesting. The rules will require increased professional oversight of timber harvesting on forestland held for short terms and require that such harvests be conducted with attention to long-term forest management principles.

It also directs the Department of Conservation to consult with stakeholders, identify additional solutions to the problem of liquidation harvesting, and report to the Legislature next session.

This bill is part of my Administration's Forest Stewardship Initiative announced two weeks ago. This multi-point plan is a comprehensive approach to promote sustainable forest management.

The future of Maine's forest products industry depends on the health of Maine's forests. I am committed to ensuring the future of our communities that rely on well-managed forests for their livelihood.

The other components of the Forest Stewardship Initiative are:

Steps to encourage small landowner participation in certification programs and to improve the procurement standards of Maine's wood processors.

Support for a legislative Joint Resolution, sponsored by Rep. Nancy Smith and others, to Support Well-Managed Forests and Sound Forest Products Procurement Systems, which encourages ongoing improvements in Sustainable Forestry Initiative and Forest Stewardship Council wood procurement standards.

The more Maine can do to encourage certification by large and small landowners, the better Maine forest products will stand out in the highly competitive, global marketplace of the 21st century.

As one of Maine's larger landowners and consumers of forest products, the state will lead by example by maintaining and promoting its dual certification of public reserve lands, and through the purchase of green-certified forest products.

The Department of Conservation's Maine Forest Service will also continue to include information on the health of the forest and liquidation harvesting in its biennial State of the Forest Report.

We will work with everyone from the large forest products companies to the small woodlot owners to develop good business models of sustainable forestry that ensure the future health of Maine's forests.

Thank you for being here as I sign this significant bill into law.

Governor Comments on Favorable Credit Rating Agencies' Reports

June 9, 2003

State Bond Rating Remains Strong

AUGUSTA, MAINE -- Governor John Baldacci said he was pleased and encouraged by reports from credit-rating agencies on Monday. Standard & Poor's and Fitch Ratings announced they are keeping Maine's rating at double AA+, while Moody's Investors Service is maintaining its Aa2 rating for the state.

Prompt action to pass a biennial budget that closed a shortfall of \$1.2 billion was among the reasons cited by the agencies for keeping Maine's rating strong. Standard & Poor's, for example, highlights Maine's "strong and solid history of conservative budget practices" as part of its rationale for maintaining the state's rating.

"These favorable reports from credit-rating agencies reflect the hard work accomplished this year on a bipartisan basis. By working in a collaborative fashion to promptly address our budgetary circumstances, we have demonstrated our resolve to meet challenges head-on and move our economy forward," Governor Baldacci commented.

The Governor also indicated that the credit rating agencies' reports send a message of encouragement on the eve of Tuesday's Jobs Bond referendum vote. "The bond package is needed to boost research and development, to support infrastructure and construction projects, to help create jobs, and to strengthen Maine's overall economy. I hope these credit ratings will enhance prospects for approval of the bond package."

Governor Baldacci Signs Dirigo Health Bill

June 18, 2003

Governor John E. Baldacci Signing Ceremony for Dirigo Health Blaine House, Augusta, Maine June 18, 2003

Welcome to the Blaine House. We are gathered here, and not in my office, because this is the people's house. Dirigo Health is landmark legislation for all the people of Maine.

Dirigo Health is a voluntary program -- there are no business mandates, it imposes no liabilities on business. Rather, small businesses that choose to participate will be eligible for all the programs Dirigo will offer, including the availability of subsidies to help employees with incomes less than \$55,000 for a family of four pay premium costs.

During my campaign for Governor, I pledged to bring affordable, quality health care to every man, woman and child in Maine. On my first day in office, I issued my first executive order establishing Maine's first Governor's Office of Health Policy and Finance and I charged them with delivering a plan to achieve my health reform goals.

To lead this effort, I asked a national known health care expert, Trish Riley, to bring this all together. My entire health care team, Trish Riley, Ellen Schneider, Adam Thompson and Charlene Rydell deserve great credit for their perseverance, skill and compassion in creating a better health care system for all of us.

My office has worked hard with every constituency, with a Health Action Team and its six subcommittees to develop a plan for Maine, by Maine. As Maine people, we don't wait for our ship to come in from Washington or elsewhere.....we build our own ship and so we have with Dirigo Health. This is a plan for Maine and I am pleased to be joined here today by individuals and families, the self employed and small business people who need affordable coverage. In signing this bill today our promise of help becomes a reality.

This day is only possible because of the extraordinary efforts of the Maine State Legislature. I want to thank the Leadership and the Joint Committee on Health Care Reform, chaired ably by Senator Michael Brennan of Portland and co-chaired by our bill's sponsor Rep. Chris O'Neill of Saco.

Senator Sharon Treat, our Senate sponsor, is here as well and was a forceful advocate for reform. Other co-sponsors provided key support - Senator Arthur Mayo of Bath, Representative Peter Mills of Cornville, Speaker Colwell, President Daggett, Representative Richardson of Brunswick, Senator Gagnon of Waterville, Representative Davis and Senator Turner both of Falmouth

The Legislature sent a strong message. With a unanimous bipartisan Committee report and with a 2/3 vote in favor of the bill in both chambers, Maine's elected officials stood up for the people. Together we are making affordable, quality coverage available for all.

Thanks also go to Maine's hospital community, our physicians and nurses, our business leaders well represented by Dana Connors of the State Chamber of Commerce and Jeff Sosnaud speaking for small business, and our state's health insurers. Problems were identified and resolved as we worked together to craft this important legislation. That collaboration is never easy but I think always productive. And it will be in that spirit of collaboration that we will work together with all of you to implement Dirigo Health.

Dirigo Health is a voluntary program addressing Maine's concerns about cost, quality and access to health care. It is bold and comprehensive. And it is now the law of our state. I look forward to all of us making good faith efforts to implement this law and make its programs strong and sustainable.

Dirigo Health itself will open for enrollment in one year. It will be a voluntary program - small employers will elect to join and they will receive the benefits of Maine's new Health Quality Forum, extensive disease management programs and subsidized health coverage for employees. Those with incomes below \$55,000 for a family of four will be eligible for sliding scale payments to help them afford premiums.

We will help lower the spiraling costs of health care for everyone by creating a state health plan and a state health budget; by strengthening oversight of insurance premiums and requiring approval for rate increases in the small group market; and by better allocating dollars spent on new buildings and equipment.

We ask hospitals and other providers to voluntarily limit cost increases and we will make available more, easy to read information about the cost and quality of health care so all of us are wiser consumers of care.

Dirigo Health is law in Maine. Working together we will achieve its promise. The work of implementing this bill is considerable. It will take time to get the important details right and we need to request a little more patience from all around me today as we get the program up and running.

But help is on the way. The only thing that will keep us from fulfilling the promise of Dirigo Health is ourselves. If we can come together to develop the program as we came together to pass this great new law we will truly realize Maine's motto...Dirigo - to lead with and for the people of Maine.

Governor Baldacci Announces Two New Initiatives to Make Higher Education More Affordable for Maine Families

June 18, 2003

Governor Baldacci Announces Two New Initiatives to Make Higher Education More Affordable for Maine Families

AUGUSTA, MAINE -- Governor John Baldacci announced two new initiatives on Wednesday that will help make higher education more accessible and affordable for all Maine families. The first will lower the cost of student loans in Maine by using the state's tax exempt borrowing capacity, and the second is a \$500,000 scholarship program designed to meet the needs of Maine's non-traditional students. Both will be administered by the Higher Education Division of the Finance Authority of Maine (FAME). Neither will require additional cost to taxpayers.

Governor Baldacci reiterated his desire to make higher education more affordable for Maine families, and noted the importance of lowering the cost of student loans. "The cost of financing a higher education means that most students and families are now forced to borrow. My administration has been working to make sure that happens at the lowest possible rate in Maine."

With regard to the other initiative announced on Wednesday, the Governor noted that "access to grants and scholarships are critical to ensuring educational opportunity, particularly for non-traditional students. The initial \$500,000 in scholarships made available through the Next Gen College Savings program will help defray college costs for those who can least afford it."

The Governor issued an Executive Order on May 12, 2003 designating FAME as the state's student loan secondary market - responsible for using the state's tax exempt bonding capability to reduce the cost of borrowing. He explained that FAME has expertise in higher education finance and is accountable to the Legislature and executive. Students and families benefit through reduced fees and other advantages for student loan borrowers.

The Next Gen Access scholarship program -- funded through Maine's national partnership with Merrill Lynch in the "529" College Savings program - will provide \$1,000 grants to Maine's neediest students. FAME CEO Charlie Spies said, "This program is for non-traditional students who often cannot access traditional financial aid programs. Without this program many of these students would have to rely entirely on borrowing to return to school."

Governor Baldacci added, "In this time of budget constraints, creativity and commitment are key to helping Maine achieve the goal of affordable higher education. These initiatives, along with our Community College development efforts, are examples of how, even in challenging times, its possible to help Maine families realize their educational goals without additional cost to the taxpayer."

Spies concluded "It is indeed an honor to be designated to administer the state's student loan secondary market. FAME is also pleased that the Governor recognizes that strong public/private partnerships such

as the Next Gen College Investment program can provide a host of direct benefits to Maine families and business.”

Governor Announces Jack Cashman as Nominee for Commissioner of Department of Economic and Community Development

July 16, 2003

GOVERNOR BALDACCI NOMINATES JACK CASHMAN COMMISSIONER OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

AUGUSTA, MAINE - Governor John Baldacci announced the nomination of Jack Cashman to the position of Commissioner of the Department of Economic and Community Development on Wednesday. Currently the Governor's Senior Policy Advisor, Mr. Cashman served in the Maine House of Representatives for 10 years, during which time he chaired both the Joint Standing Legislative Committee on Taxation and the Speaker's Select Committee on Property Tax Relief. Mr. Cashman has also been both a member and the president of the Old Town City Council. Cashman is a graduate of the University of Maine.

Governor Baldacci stated, "Jack Cashman embodies all of the skills and experiences necessary to make Maine a more business friendly place. His energetic and aggressive approach to business development will be essential as we seek to create jobs and expand economic opportunities."

"In this administration's first six months, Jack played a leadership role in working closely with the Legislature and with DECD in creating Pine Tree Opportunity Zones, restarting the GNP and Georgia Pacific mills and bringing Energy East to Pinelands. Jack's extraordinary work these past months along with his business experience will continue as the Commissioner of DECD," Governor Baldacci added.

Mr. Cashman's new position will be a continuation of his work on the Governor's staff. The Department of Economic and Community Development works with municipalities and regional planning organizations to create programs that aid business development, tourism and community development. In conjunction with the Governor's Office and Legislature, the DECD develops policy and oversees the State Economic Development Strategic Plan. The Department also encourages the creation and retention of quality jobs through increased private-sector involvement.

State Police Offer Travel Information for Weekend Phish Concert in Northern Maine

July 30, 2003

STATE POLICE ISSUE TRAVEL ADVISORY FOR WEEKEND PHISH CONCERT

With over 60,000 people expected this weekend in Limestone for the two day concert by the rock group Phish, Maine State Police have issued a travel advisory for Northern Maine. Concert goers will be enroute to Limestone this week and police anticipate significant traffic throughout Aroostook County, especially Friday and Monday.

The Chief of the State Police, Colonel Michael R. Sperry, said additional State Troopers will be on patrol this week and early next week. Sperry said, "Our goal is to keep traffic moving and to reduce the highway carnage that took place during the band's two previous appearances in Maine."

Two concert goers were killed in traffic crashes in 1998 and four motorists died in 1997. In addition, a concert organizer for the band was killed early Tuesday morning in Limestone when his car struck an embankment.

Sperry said because all roads north of Houlton are two lanes, major traffic tie-ups are expected along Routes 1, 1A and 89 during Friday and Monday. Travelers wishing to avoid those tie-ups are advised to seek alternate routes, such as Route 11 from Sherman to Fort Kent or crossing the US border in Houlton and traveling Canadian Routes 2 or 105.

Sperry said travel advisories and concert information will be available on radio station WQHR-FM (96.1 on the FM dial) beginning on Friday morning and continuing through Monday. The radio station is 100,000 watts with a listening radius of over 100 miles.

The gates to the former Loring Air Force Base open Friday and the concert takes place Saturday and Sunday. In addition to State Police, other law enforcement agencies taking part in the weekend enforcement efforts are the Aroostook County Sheriff's Department; Ashland, Caribou, Fort Fairfield, Houlton, Limestone, Presque Isle and Washburn police departments, US Border Patrol and the Maine Drug Enforcement Agency.

Governor Highlights Maine Farmers' Market Week

August 5, 2003

Governor Proclaims Maine Farmers' Market Week

AUGUSTA, MAINE -- Governor John Baldacci has proclaimed August 3-9, 2003 as "Maine Farmers' Market Week," in conjunction with "National Farmers' Market Week."

"The vitality of Maine farms is important for local economies and good for consumers," Governor Baldacci commented. "Farmers' markets create an opportunity for Maine residents and those visiting our state to meet growers and purchase the finest and freshest produce."

The Governor noted that many communities are finding it rewarding to invest in local markets as a component of economic development and are realizing benefits from the resulting tourism. Other benefits include maintaining the green space created by sustaining farms near population centers.

Maine Agriculture Commissioner Robert Spear explained that farmer's markets enable consumers to "benefit from the freshness, quality and wide selection of locally grown products. Meeting and interacting with the farmer who grows the food also develops in consumers a special bond of trust in the integrity and accountability of our growers."

The number of farmers' markets continues to increase steadily. This year alone, Maine has experienced a remarkable 30 percent increase in the number of statewide markets, growing from 54 markets in 2002 to 70 in 2003. For searchable statewide farmers' market listings, visit www.getrealmaine.com.

Governor Baldacci's Tax Relief Proposal

August 8, 2003

Proposed Committee Amendment Draft Governor's Office, 8/08/03

(this draft has not received final legal review in the Governor's Office, nor had a technical drafting review by the Revisor's Office)

Committee Amendment " " to L.D. 1629, RESOLUTION, Proposing a Competing Measure under the Constitution of Maine to Create Municipal Service Districts to Reduce the Cost of Local Government, to Provide Property Tax Relief and to Increase Economic Competitiveness.

Amend the bill by striking the title and replacing it with the following: 'RESOLUTION, Proposing a Competing Measure under the Constitution of Maine to Create Municipal Budget Caps, Reduce the Cost of Local Government through Increased State Education Funding and Provide Property Tax Relief.'

Further amend the bill by striking Parts A, B, C and D and substituting in their place the following:

PART A

Sec. A-1. 20-A MRSA §15671, sub-§7, paragraph B, as enacted by PL 2003, c. 504. Pt. A, §5 is amended to read:

B. The annual targets for the state share percentage are as follows.

- (1) For fiscal year 2005-06, the target is 49%.
- (2) For fiscal year 2006-07, the target is 49.25 % 50.5%.
- (3) For fiscal year 2007-08, the target is 49.50% 52%.
- (4) For fiscal year 2008-09, the target is 49.75% 53.5%.
- (5) For fiscal year 2009-10 and succeeding years, the target is 50% 55%.

Sec. A-2. 20-A MRSA §15671-A is enacted to read:

§ 15671-A. Property tax contribution to public education

1. Definitions. For the purposes of this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Funding public education from kindergarten through grade 12" means the cost of funding essential programs and services as defined in this chapter plus the total allocations for program cost, debt service costs and adjustments.

B. "Local cost share expectation" means the maximum amount of money needed for the purpose of funding public education from kindergarten through grade 12 that may be derived from the property tax.

2. Maximum local cost share established. The maximum local cost share is established as follows.

A. The following applies to the maximum local cost share expectation: Notwithstanding any other provision of law, with respect to the assessment of any property taxes for property tax years beginning on or after April 1, 2005, this section establishes the maximum local cost share expectations that may be assessed on the value of property for the purpose of funding public education from kindergarten through grade 12. The commissioner shall annually, by February 1st notify each school administrative unit of its maximum local cost share expectation. Each school administrative unit superintendent shall report to the municipal officers whenever a school administrative unit is notified of the maximum local cost share expectation or a change made in the maximum local cost share expectation resulting from an adjustment.

B. The following applies to the calculation of the full value education mill rate: For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full value education mill rate that is required to raise the total of maximum local cost share expectations to fund public education from kindergarten through grade 12. The full value education mill rate is derived by dividing the applicable tax year percentage of the projected cost of funding public education from kindergarten through grade 12 by the certified total state valuation for the year prior to the most recently certified total state valuation for all municipalities. The full value education mill rate shall decline over the period of this Act and shall not exceed 10.0 mills. The full value education mill rate must be applied according to section 15688, subsection 3, paragraph A to determine that municipality's maximum local cost share expectation. Full value education mill rates must be derived according to the following schedule:

(1) For the 2005 property tax year the full value education mill rate is the amount necessary to result in a 51% local share in fiscal year 2005-06;

(2) For the 2006 property tax year the full value education mill rate is the amount necessary to result in a 49.5% local share in fiscal year 2006-07;

(3) For the 2007 property tax year the full value education mill rate is the amount necessary to result in a 48% local share in fiscal year 2007-08;

(4) For the 2008 property tax year the full value education mill rate is the amount necessary to result in a 46.5% local share in fiscal year 2008-09; and

(5) For the 2009 property tax year and subsequent years, the full value education mill rate is the amount necessary to result in a 45% local share in fiscal year 2009-10.

3. Exceeding maximum local cost share expectations; referendum process. Beginning with the 2009-10 school budget, the legislative body of a school administrative unit, as defined in section 1, subsection 26, may adopt property tax rates that exceed the maximum local cost share expectation amount

established by section 15688, subsection 3, paragraph A if that action is approved by the voters of the school administrative unit by referendum or the referendum validation process authorized by sections 1305-B and 1701-B, and the voters are properly notified as required by section 15617 or Title 30-A, section 2523, or 2551, as applicable.

Sec. A-3. 20-A MRSA §15684, as enacted by PL 2003, c. 504. Pt. A, §6, is amended by adding a new subsection 3 to read:

3. Repeal. This section is repealed on July 1, 2005.

Sec. A-4. 20-A MRSA §15686, as enacted by PL 2003, c. 504. Pt. A, §6, is amended to read:

§15686. Transition adjustment

For each of the fiscal years described in section 15671, subsection 7, the commissioner shall establish a transition adjustment calculated to minimize the adverse fiscal impact that may be experienced by some municipalities as a result of directly related to the phase-in of this Act. The transition adjustment for a municipality must be directly related to the phase-in of essential programs and services and the maximum local share mill rate expectation method of determining the local contribution to the cost of funding essential programs and services. The amount of this adjustment is established at \$10,000,000 for fiscal year 2005-06 and must decline with each successive fiscal year. , and the The adjustments must end no later than fiscal year 2009-10.

Sec. A-5. 20-A MRSA §15688 is enacted to read:

§15688. School administrative unit contribution to the total cost of funding public education from kindergarten through grade 12

1. School administrative unit; total cost. For each school administrative unit, the commissioner shall annually determine the school administrative unit's total cost of education. A school administrative unit's total cost of funding education shall include:

A. The school administrative unit's total cost of funding essential programs and services subject to the transition percentages defined in section 15671, subsection 7, paragraph A;

B. Program cost allocation as defined in chapter 606; and

C. Debt service allocation as defined in chapter 606.

2. Member municipalities in school administrative districts or community school districts; total costs. For each municipality that is a member of school administrative districts or community school districts, the commissioner shall annually determine each municipality's total cost of education. A municipality's total cost of funding education is:

A. The school administrative district's or community school district's total cost of funding times

B. The percentage that the municipality's most recent calendar year average pupils is to the school administrative district's or community school district's most recent calendar year average pupils.

3. School administrative unit; contribution. For each school administrative unit, the commissioner shall annually determine the school administrative unit's contribution in accordance with the following.

A. The school administrative unit contribution to the total cost of education is the lesser of:

(1) The total cost for each municipality as defined in subsection 1 or 2; or

(2) The total of the full value education mill rate derived in section 15671-A, subsection 2 multiplied by the certified state valuation for the year prior to the most recently certified state valuation for each municipality in the school administrative unit.

B. The school administrative unit's state contribution to the total cost of education is the total cost of education calculated pursuant to subsection 1 less the school administrative unit contribution calculated pursuant to paragraph A of this subsection.

4. Effective date. This section is effective July 1, 2005.

Sec. A-6. Basis for funding the costs of education from kindergarten through grade 12. Notwithstanding any other provision of law, beginning in fiscal year 2005-06, funding of the costs of education from kindergarten through grade 12 must be based on the cost of providing essential programs and services as described in the Maine Revised Statutes, Title 20-A, chapter 606-B.

Sec. A-7. Revisor's review; cross-references. The Revisor of Statutes shall review the Maine Revised Statutes and include in the errors and inconsistencies bill submitted to the Second Regular Session of the 121st Legislature pursuant to Title 1, section 94 any sections necessary to correct and update any cross-references in the statutes to provisions of law repealed in this Act.

PART B

Sec. B-1. 30-A MRSA §5721-A is enacted to read:

§ 5721-A. Municipal appropriation limitation.

The following limitations apply to a municipality's appropriations for fiscal year 2005-06 and succeeding years.

1. Definitions. For the purposes of this section, unless the context indicates otherwise, the following terms have the following meaning:

A. "Education appropriation" means the appropriations budgeted by a municipality to meet its local share of education funding under Title 20-A, section 15688 and any other appropriation the municipality budgets for education in addition to that local share.

B. "Exceptional circumstances" mean an unforeseen condition or conditions over which the municipal governing body has little or no control and do not mean new programs or program expansions that go beyond existing program criteria and operation.

C. "Municipal services appropriation" means the total amount of money raised and appropriated to pay for services, programs and public debt that is included in a municipality's annual budget but does not include local costs for public education from kindergarten through grade 12, assessments made to support general county government and any grant or subsidy that the municipality received from the Federal Government.

2. Appropriation limitation. The total municipal services appropriation for each fiscal year of a municipality may not exceed the municipal services appropriation of the previous fiscal year multiplied by the appropriation limitation described in Title 5, section 1664.

3. Exceptional circumstances. The appropriation limitation in subsection 2 may be exceeded only by the amount of additional costs or the lost revenue from the following exceptional circumstances:

A. Unfunded or under-funded new state or federal mandates;

B. Losses in state or federal revenues or other revenue sources;

C. Citizens' initiatives or referenda that require increased municipal spending;

D. Court orders or decrees that require additional municipal resources to comply with the orders or decrees; or

E. Sudden or significant increases in demand for existing municipal services that are not the result of municipal legislative body actions that increase eligibility or increase benefits.

In addition, the municipal governing body may designate exceptional circumstances that are not explicitly defined in paragraphs A through E but meet the intent of this section.

4. Revenue sharing deduction. If a municipality exceeds the appropriation limitation of subsection 2 in circumstances that are not exceptional as established in subsection 3, its share of the revenues from the Local Government Fund under section 5681 shall be reduced as follows:

A. The Department of Audit shall declare the amount by which the municipality has exceeded the appropriation limitation of subsection 2 and shall determine what the property tax burden of the municipality would be without the exceeding of the appropriation limitation;

B. The Department of Audit shall report the property tax burden determination under paragraph A to the Treasurer of State; and

C. The Treasurer of State shall use the property tax burden amount reported under paragraph B to determine the portion of the Local Government Fund to be disbursed to the municipality under section 5681, subsection 4.

Sec. B-2. 30-A MRSA §5823, sub-§3, paragraph A, is amended to read:

A. The report must contain the following items:

- (1) A management letter, if applicable;
- (2) A letter of transmittal;
- (3) The independent auditor's report on the financial statements; and
- (4) Financial statements that contain at a minimum:
 - (a) A balance sheet;
 - (b) A statement of revenues and expenditures;
 - (c) A statement of budgeted revenues and expenditures versus actual revenues and expenditures; and
 - (d) All other financial statements required by governmental accounting and financial reporting standards; and
- (5) A statement of :
 - (a) Whether the municipality has exceeded the appropriation limitation of section 5721-A, subsection 2 in circumstances that are not exceptional as established in section 5721-A, subsection 3; and
 - (b) If the appropriation limitation has been exceeded as described in subparagraph (a), a calculation of the amount by which the municipality has exceeded the appropriation limitation of section 5721-A, subsection 2.

Further amend the bill by re-lettering Part E as Part C, and renumbering Sec. E-1 as Sec. C-1 and Sec. E-2 as Sec. C-2.

SUMMARY

This amendment replaces Parts A through D of the original bill with two new Parts. Part A of this amendment amends the Essential Programs and Services statute to increase the state's share of funding public education from kindergarten through grade 12 from 50% over 5 years to 55% over 5 years. Part A also provides new language establishing the essential programs and services model for funding education as the basis for the calculation of a full value education mill rate expectation identifying the state and local share of the cost of providing essential programs and services beginning in fiscal year 2005-06.

Part B establishes a cap on growth in the municipal services side of municipal budgets modeled after the budget stabilization cap for the state government budget. Whether a municipality has exceeded the budget cap will be determined as part of a municipality's annual postaudit. If the budget cap has been exceeded, the municipality's share of state revenue sharing will be reduced.

This amendment also re-letters Part E of the original bill as Part C.

Governor Baldacci Names Martha Freeman to be Director of State Planning Office

August 12, 2003

GOVERNOR NAMES MARTHA FREEMAN DIRECTOR OF PLANNING

AUGUSTA, MAINE -- Governor John E. Baldacci has named Martha Freeman of Portland as the Director of State Planning. Freeman, originally from Orono, is currently Deputy Chief of Staff for Governor Baldacci. In this capacity she has focused on management issues and the coordination of policy with the Governor's three other Senior Policy Advisors. Freeman has taken a lead role on specific policy initiatives including the establishment of a community college system and the development of tax relief, municipal restructuring and regionalization proposals.

Prior to joining the administration, Freeman was the key policy person during the Baldacci for Governor campaign and the transition, convening groups of stakeholders and developing policies that would become the basis for the agenda of the new administration. Previously, Freeman served as Director of the Maine Legislature's Office of Policy and Legal Analysis and as a Special Assistant to the Attorney General. She has also been a public policy and management consultant, a counselor in private practice and a published author writing about the environment.

Freeman is a graduate of Hampshire College and has a law degree from the University of Maine School of Law and a masters degree from the University of Maine Graduate Program in Clinical Counseling. Freeman will begin her new position on September 2, 2003.

Governor Baldacci stated, "Under Martha's leadership and skill, the State Planning Office will become a re-energized strategic arm for the policy management of State Government. Martha's experience will help revitalize State Planning so it can play a more prominent role ensuring better collaboration among state departments and assistance to local communities and regions while becoming a pivotal resource for me and the Legislature. Martha's skill at mobilizing people and anticipating and analyzing policy needs will help us to build a strong economic and social future for Maine."

According to state law, there are four core duties assigned to the Office of State Planning. They are conducting continuing economic analysis, including economic forecasting; coordinating the development of the state's economy and energy resources and conserving natural resources; providing technical assistance to towns and regions; and providing technical assistance to the Governor and Legislature by undertaking special studies.

Governor Receives Report Indicating Maine Unlikely to Experience Outages from Thursday's Power Disruptions

August 14, 2003

Governor Receives Report Indicating

Maine Unlikely to Experience Outages

from Thursday's Power Disruptions

AUGUSTA, MAINE -- Governor John Baldacci received reports on Thursday indicating that Maine is unlikely to experience power outages related to the problems that have impacted several states and portions of Canada. The Governor spoke with Sara Burns, President of Central Maine Power Company, who reports that CMP's system remains stable.

"Maine has not been impacted by the power outages experienced in other states and provinces. The system remains stable here in Maine, and blackouts are not anticipated. We need a full accounting of what caused the disruptions and what can be done to diminish the likelihood of future occurrences," Governor Baldacci commented.

Beth Nagusky, Director of the Governor's Office of Energy Independence and Security, and officials with the Maine Public Utilities Commission contacted representatives at ISO New England on Thursday. Although information is still being gathered, ISO New England believes the cause of the blackouts is related to a disturbance on three transmission lines near Lake Erie. The disturbance set in motion a chain of events resulting in blackouts from New York to Detroit to Toronto. Some areas in southern New England were also impacted.

The Governor has asked Beth Nagusky to meet with the directors of the northeastern regional system operators and issue a report to him on the causes of Thursday's power outages and any risks posed to Maine in the future.

Governor Launches Maine Tax Amnesty Program

August 27, 2003

AUGUSTA, MAINE – Governor John Baldacci announced the Maine Tax Amnesty Program on Wednesday. The 121st Legislature and Governor Baldacci have authorized Maine Revenue Services to offer a three-month Amnesty program to taxpayers with overdue Maine tax obligations.

“The vast majority of Mainers pay their taxes on time,” commented Governor Baldacci, “but for those who, for whatever reason, have not filed tax returns or paid the taxes they owe, the State is offering tax amnesty.”

Between now and November 30, delinquent taxpayers can pay what they owe in back taxes, plus half the interest, with no fines or penalties.

Taxpayers who have failed to file a Maine tax return; have unreported income; overstated deductions; failed to pay sales tax on out-of-state purchases, including catalogs and the Internet; or have other outstanding tax liability, may apply for tax amnesty.

Rebecca Wyke, Commissioner of the Department of Administrative and Financial Services, also stated that “Maine Revenue Services strongly urges taxpayers to take advantage of the tax amnesty program. It is a rare opportunity to return to good standing with Maine Revenue Services, and to avoid further interest, penalties and legal actions.”

Tax amnesty will provide additional revenue to the State and help ensure that all Mainer’s are paying their fair share of taxes. This is an opportunity for Maine people to take care of past tax obligations, before increased enforcement efforts begin.

Following the amnesty period, the State will step up enforcement actions with additional positions dedicated to compliance efforts. Newly acquired technology will also increase the State’s ability to identify and pursue non-compliant taxpayers.

Maine Tax Amnesty Applications are available at town hall offices, public libraries, online at www.mainetaxamnesty.org, or by calling toll free 1-866-430-3161.

Governor Names Dirigo Health Board of Directors

September 5, 2003

AUGUSTA, MAINE -- Governor John Baldacci has appointed five voting members and three non-voting members to the Dirigo Health Board of Directors. The five voting members will be Charlene Rydell, Mary Henderson, Dana Connors, Carl Leinonen, and Dr. Robert McAfee as Chair.

Three ex-officio members include Commissioner Buddy Murray of Professional and Financial Regulation, Commissioner Rebecca Wyke of Administrative and Financial Services, and Director Trish Riley of the Governor's Office of Health Policy and Finance. Riley will serve as the Governor's liaison for all aspects of the recently enacted health reform -- ensuring timely and effective implementation of the law.

"This is another important step in implementing Dirigo Health. It will help us move forward in expanding access to quality, affordable coverage for the people of Maine," Governor Baldacci commented. "The breadth of experience within this group of talented individuals will enable us to hit the ground running and fulfill the promise of this landmark legislation.

The Board of Directors will set the broad policy guidelines for the implementation and operation of Dirigo Health, including but not limited to the operation of the Dirigo Health Insurance program, the Maine Quality Forum, disease management protocols and the Dirigo High Risk Pool. This effort will include the development and promulgation of rules in accordance with the Maine Administrative Procedures Act. Voting members appointed by the Governor will be reviewed by the Joint Standing Committee on Health & Human Services and confirmed by the State Senate.

Dirigo Health is a new independent agency of state government created to arrange for the provision of comprehensive, affordable health care coverage to eligible individuals, the self-employed as well as employees of small businesses and their dependents. It is also designed to address the quality of health care in Maine.

Governor Announces September 11th Blaine House Ceremony

September 5, 2003

AUGUSTA, MAINE -- Governor John Baldacci announced on Friday that a Remembrance Ceremony will be held Thursday, September 11th, at 9:30 a.m. on the Blaine House lawn.

The ceremony, which is open to the public, will include participation by members of the United States military, as well as police officers, fire fighters and emergency medical services personnel.

The Governor also announced that information about this ceremony and other "Week of Heroes" recognition activities around the state is available online at

<http://www.maine.gov/governor/baldacci/news/events/weekofheroes.htm>

Governor Baldacci Announces Hospital Commission

October 9, 2003

Governor John E. Baldacci today announced appointments to the Commission to Study Maine's Hospitals. This nine person commission has broad responsibilities, working with the Governor's Office of Health Policy and Finance to report on hospital costs and services and to make recommendations for strengthening and rationalizing the delivery of hospital services statewide.

In making his appointments, the Governor stated, "During the deliberations about Dirigo Health hospital costs were identified as a major driver of health care costs and premium increases in Maine. But we also heard concerns from the hospitals about our proposals to limit their cost growth. This commission, representative of all key stakeholders, provides us a unique opportunity to examine hospital services in Maine and assure a cost-effective, high quality system for Maine in the twenty-first century."

The Commission will be chaired by William Haggett of Bath, Chairman of the Board and CEO of Naturally Potatoes and former CEO of Bath Iron Works. In making this appointment, the Governor stated, "Bill Haggett is a distinguished citizen of Maine who has served as a major employer in our State. In that capacity he knows well the trade-offs employers must make as health care costs for their employees rise. I'm delighted that Mr. Haggett is taking the time and agreed to serve on this important commission."

Other members include: Scott Bullock, CEO of Maine General Hospital; John Welsh, CEO of Rumford Hospital; both of whom were recommended by the Maine Hospital Association. Dr. Joshua Cutler, Maine Cardiology Associates, and Dr. Richard Wexler, Medical Director of Medical Care Development, were selected from a list submitted by physicians associations. Joseph Ditre, the Executive Director of Consumers for Affordable Health Care Foundation will represent consumers; and Robert Downs, of Harvard Pilgrim Health Care will represent insurers.

Kit St. John, Executive Director, Maine Center for Economic Policy, represents expertise in economic analysis and Pat Philbrook, R.N., Executive Director of Maine State Nurses Association, will be a voice for Maine's nurses.

Trish Riley, Director of the Governor's Office of Health Policy and Finance will be the liaison on the Commission representing the Governor.

The Commission to Study Maine's Hospitals is a part of the ongoing implementation of the Dirigo Health Plan under which access to quality, affordable health care will be significantly expanded. In addition to today's appointments, the Governor has appointed the Dirigo Health Board of Directors and the Advisory Council on Health Systems Development. One final committee created through the Governor's Health Reform legislation is yet to be announced. That task force will study ways to improve Veterans' health in Maine.

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Governor Announces Task Force on Veterans' Health Care

November 7, 2003

Augusta -- Governor John E. Baldacci today announced appointments to the Task Force on Veterans' Health Services, completing his appointments to the six Boards and Commissions created to help implement the Dirigo Health Reform Act. The Task Force on Veterans' Health Services will analyze and assess health services to veterans, work closely with the Federal government and make recommendations to more effectively organize these services.

In making the announcement, Governor Baldacci stated, "Maine's Veterans deserve the best health care possible, available close to home. We look forward to working with Togus and the Federal government to find innovative ways to use Maine's network of providers and hospitals to enhance service to Maine's Veterans." The Task Force will be co-chaired by Senator Bruce Bryant of Dixfield and Representative Roger Landry of Sanford. Baldacci noted "Representative Landry was instrumental in making this Task Force a reality. It was his amendment to the Dirigo Health legislation that made this possible. Representative Landry, himself a disabled veteran, brings particular knowledge to the need for improved services for Maine's veterans."

The Task Force includes two individuals with nursing degrees, three physicians, and a number of representatives of veterans' affairs. Appointees include: John Wallace, President of the Maine State Council of Vietnam Veterans of America; Col. Roland LaPointe, Director, Bureau of Veterans' Services; Maj. Gen. Steve Nichols, representing the Maine Veterans' Homes; Kris Doody-Chabre, RN, CEO of Carey Medical Center; Arthur Newkirk, MD, Blue Hill Family Medicine; Susan Shaw, R.N., D.O., MatureCare, Saco; Larry Mutty, MD, Castine; Jack Sims, Federal Dept of Veteran Affairs; and Timothy Politis, CEO & Executive Director, Maine Veterans' Homes.

Governor's Statement on Gambling Regulation

December 11, 2003

Governor's Remarks Delivered December 10, 2003 Cabinet Room

(Augusta, Maine) -- Thank you for coming today. I would also like to thank the Legislative Leadership for joining me in calling for a gambling regulatory structure that the people of the State of Maine deserve.

On November 4TH the people passed an initiative that will allow slot machine gambling at certain harness racing tracks in Maine. This is a first for Maine. Maine has no history or experience with the modern gambling industry. I campaigned against this initiative because I believe that casino gambling in any form is bad for Maine, its people, communities and economy. Maine needs real economic development with high paying jobs – not industry that extracts value from hardworking people.

But the people have spoken. As Governor I respect their wishes and will implement their wishes. It is also my duty, and the duty of the Leadership here with me today, to ensure that the public is served by this new gambling industry. Together we must see to it that the gambling industry is fashioned to protect the public interest and welfare of our State.

The initiated bill falls too far short of the mark in terms of regulation and gambling control. As public officials we cannot allow this law to take affect without reforming it regulatory structure.

We cannot allow a gambling law: that appears to automatically grant anyone who holds a harness racing license to open a casino with an unlimited number of slot machines; that loosens transfer restrictions on harness racing track sales; that provides no role for the State Police to enforce what limited regulation exists; or that costs the general fund more than ten times what it contributes.

If the initiated bill is allowed to stand, it will be the least regulated piece of gambling legislation in America – and it won't even pay for the direct costs it will impose on Maine taxpayers. As public officials we owe the people more.

I will be presenting legislation that will: close the automatic licensing loophole; create a gambling control board with broad jurisdiction and the resources and tools to do an effective job; reinstate the transfer restrictions that applied to harness tracks historically; institute rigorous background checks and licensing protocols for the gambling industry; and create a mechanism whereby the state recovers all of the costs of hosting this sort of enterprise.

Over the next several weeks I will be working with Legislative Leadership, my Cabinet and the Attorney General to finalize legislation to submit to the Legislature. I am looking forward to working with all of you on this important. I know that we will succeed. I thank you for your help.

In addition, Legislative Leadership and I will be sending a letter today to gambling industry officials and representatives who have expressed an interest in doing business in Maine. In that letter we are putting the industry on notice that we intend to control the gambling industry as tightly as anywhere in

America. In particular, we are telling them we are closing the automatic licensing loophole and all the changes will be retroactive.

I don't want anyone to get a license to operate or distribute a slot machine in Maine without going through a rigorous licensing protocol, and only after the gambling control board is fully constituted.

Maine is a state that is special. Maine people cherish our way of life and expect public officials and Maine's corporate citizens to work to protect what is unique about us. If we are to have legalized slot machine gambling in Maine, and the people have voted that we shall, then we public officials must make sure that it is tightly controlled to avoid the negative influences of this industry.

Our corporate citizens also have a responsibility. I call on you today to agree to work with us to create a workable regulatory scheme. Those corporations seeking to do business in Maine from elsewhere have information on the gambling industry that we need to serve the public. Work with us. In addition, I call on you to agree now to work with us and submit yourself to the regulatory structure developed by the Legislature and my staff to ensure that Maine's gambling industry promotes the best of your industry.

Together, the Leadership before you and industry can give the people of Maine what I believe they asked for on November 4TH.

Thank you.

Governor Announces Municipal Investment Trust Fund Program Grants

December 12, 2003

AUGUSTA, MAINE -- Governor John E. Baldacci today announced the Municipal Investment Trust Fund grant award recipients.

The Department of Economic and Community Development received 33 applications from communities throughout the State requesting over \$13.5 million under the Municipal Investment Trust Fund (MITF) program. Funding for the program derives from state bond issues, the most recent being \$6 million added in June of this year.

"The Trust Fund grants are critical investments which will greatly improve the potential of these communities to grow and prosper," Governor Baldacci stated. "This program is a true partnership between local communities and the State that will create jobs and boost economic development."

The program is designed to stimulate economic growth and job creation regionally and in the downtown districts of service center communities. Funding will attract additional investments and interest from businesses. Importantly, the investment of \$10.3 million MITF program funding will leverage over \$34 million in additional funds in these communities from local matching funds.

Factors that contributed to the success of these applications include the amount of leveraged funds, readiness to complete the proposed projects and economic impact. The maximum MITF program award is \$500,000.

This funding will be distributed to 26 communities in 12 counties. The projects include downtown infrastructure improvements, infrastructure for business/industrial parks and planning to enhance economic development opportunities for these communities and their surrounding areas.

Dirigo Health Reform Shows Early Success

December 22, 2003

AUGUSTA -- Governor John E. Baldacci today released information from the State's Bureau of Insurance that shows the rates of growth in insurance premiums in the small group market have slowed this year.

According to filings by the State's major carriers providing health insurance to small employers, the rate of increase in premiums has been smaller each quarter in 2003, especially in preferred provider (PPO) and indemnity plans. Rate increases for these plans have dropped by one-third since January 1, 2003. Rate increases for HMO's have dropped by 20%. Also, enrollment in HMO's is decreasing.

Governor Baldacci stated, "This is heartening news and mirrors recent reports from hospitals that the health care industry is taking Dirigo Health seriously and has begun to comply with its request for voluntary cost constraints. We expected to see new options in the marketplace and restrained cost growth once Dirigo was enacted. And that is precisely what is occurring."

The Governor warned however, that much more needs to be done in all segments of the market to create and sustain lower costs. He also noted that some of the lower premium costs may reflect a move to more sales of less costly, high deductible health plans.

While one time savings can be achieved by less costly, high deductible plans, such plans generally increase consumer out-of-pocket spending.

Nationally, premium growth may also be moderating. But, Maine has historically outpaced national rates of health care spending and ranks 11th in per capita health care costs -- costs borne by premium payers and the Medicaid program. According to the Governor, "Dirigo Health launches us on a comprehensive reform of our health care system and will provide an affordable product statewide this summer. While early signs are encouraging, it will take implementation of all of Dirigo Health to truly achieve affordable, sustainable quality health coverage for all Maine citizens."

Governor Baldacci Announces Company Coming to Maine, Creating up to 300 Jobs

December 23, 2003

AUGUSTA -- Governor John E. Baldacci today announced the creation of new jobs in Augusta. TelAc, a division of Access Worldwide Communications, Inc., will open a consumer call center at 500 Civic Center Drive. The center is expected to be operational at the end of March, pending completion of construction at the site.

At a press conference at the former SCI Building, Governor Baldacci joined the Mayor of Augusta, William E. Dowling, and Mike Duguay, Director of Economic and Community Development for the city, to welcome this latest economic development initiative in Augusta. City officials, the Department of Economic and Community Development and the Department of Labor coordinated efforts to encourage TelAc to locate in the city.

"I am very pleased that another successful partnership between State Government and the City of Augusta has yielded real job growth," stated Governor Baldacci. "When fully operational, nearly 300 jobs will be created. Economic development and job creation are the foundation of my Administration's goals for the State of Maine. We welcome this company to Maine."

Mr. Georges Andre, President and Chief Executive Officer of TelAc, commented from the company's headquarters in Maryland: "We identified Maine as one of four states where we considered to locate our new call center. Our decision to choose Maine was based on the availability of a highly skilled well educated and motivated work force. It was clear that Maine was the winner for our new location. The quality of the work force, and the quick response that we have received from Maine's Governor and Department of Economic and Community Development confirmed that we had made the right choice. We are delighted to be in Maine, and look forward to having the opportunity to open additional facilities in the near future."

Commissioner Jack Cashman noted, "Our team at the Department of Economic and Community Development presented a customized assistance proposal outlining various programs and services to assist the company with their expansion plans in the city. Additionally, the department played a critical role in negotiating a satisfactory deal for the \$400,000 state of the art switching equipment for the company."

The Maine Department of Labor also contributed to the successful project by fitting the company into the Governor's Training Initiative program. "This region has ample workers to fill these positions and the Augusta CareerCenter is poised to facilitate in the hiring for these openings," Commissioner Laura Fortman said. "Anyone interested in finding out more information about these job openings should go to the Augusta CareerCenter at 2 Anthony Avenue or call at 624-5120 or 800-760-1573. The CareerCenter is open from 8:00 am to 5:00 pm Monday to Friday."

TelAc's parent company, Access Worldwide, is a national marketing company with more than 1300 employees. TelAc is headquartered in Hyattsville, MD and specializes in medical education and pharmaceutical marketing services.

Governor Announces 240 Jobs to Stay in Maine

December 29, 2003

AUGUSTA -- Governor John E. Baldacci today announced that Lewiston-based Philips Elmet, a division of Philips Electronics North America Corporation, has been purchased by Maine businessman Jack Jensen. As a result of the purchase, Mr. Jensen will be keeping the company in Lewiston, renaming the business Elmet Technologies, Inc. Mr. Jensen stated that with local ownership and management, the company is poised to consider additional products and markets.

"The promise of maintaining and possibly growing the manufacturing operations at Philips Elmet is another encouraging sign that economic development in Maine is on the right track," said Governor Baldacci. "I am pleased with the role that the Department of Economic and Community Development played in contributing to Mr. Jensen's decision to keep Philips Elmet in Maine. The company is a valued component of the economic and cultural fabric of the City of Lewiston, producing quality products with talented Maine labor."

Mr. Jensen, previously a Senior Director at Philips Elmet, will be the majority owner of the manufacturing company. Philips Elmet manufactures a variety of molybdenum and tungsten products for the Lighting, Semiconductor, and Medical industries.

"To be able to purchase and operate this business is the opportunity of a lifetime," Mr. Jensen said. Philips Elmet has been a longstanding member of the Lewiston community, operating in the city since 1929. Mr. Jensen has offered the manufacturing company's approximately 240 employees the opportunity continue working at the new company. He said Elmet has a great workforce with talent and technology to compete around the world.

With the exception of the last six years, Mr. Jensen has lived and worked in Maine. He was born in Portland and attended local schools. He started his career at Nichols – Portland and eleven years later moved to Philips Elmet. There he worked thirteen years until in 1996 he accepted a position at the Corporate Headquarters of Philips Lighting Company in Somerset, New Jersey, where he became Senior Vice President of Sales.

Mr. Jensen and his family are looking forward to moving back home to the State of Maine.

"I want to thank Governor Baldacci and Jack Cashman, Commissioner of Economic and Community Development, for their support and encouragement throughout this process," said Mr. Jensen. "They made it quite clear that Maine is committed to improving the State's business climate."

"My appreciation extends to the professionals at Union Street Capital Markets, an affiliate of Arete Capital Group, for their expert advice and bringing together a first-rate investor group. The world class attorneys at Preti Flaherty were integral as well to making this purchase happen. I also want to thank the talented team at Citizens Bank for their commitment and Philips Lighting Company for its support in

this purchase. Philips Lighting is the world's largest lighting company. Buying their products will help Elmet Technologies grow and create more jobs for our State."